



NEWS RELEASE
CGX ENERGY INC.
(TSX-V | OYL)
April 24, 2019

CGX Energy Files Year-End Audited Financial Statements

Toronto, Canada, Thursday, April 24, 2019 - CGX Energy Inc. (TSXV: OYL) (“**CGX Energy**” or the “**Company**”) announced today the release of its audited consolidated financial results for the year ended December 31, 2018, together with its Management Discussion and Analysis. These documents will be posted on the Company’s website at www.cgxenergy.com and SEDAR at www.sedar.com. All values in this news release and the Company’s financial disclosures are in United States dollars unless otherwise stated.

Professor Suresh Narine, Executive Chairman and Executive Director (Guyana) of CGX Energy commented: “2018 has been a strong and positive year for CGX Energy, witnessing the Company build on the momentum established in 2017, post the renegotiation of the Company’s workplans and licenses. Several key milestones were accomplished:

- CGX Energy and its major shareholder Frontera Energy Corporation (TSX: FEC) (“**Frontera**”) inked an agreement allowing Frontera to farm in to 33.333% on the Company’s Corentyne and Demerara blocks. The Joint Venture, which requires Government of Guyana approval, will allow CGX Energy to address its legacy debt with Frontera and provide working capital for the Company’s ongoing work commitments on its Berbice, Corentyne and Demerara blocks, through a signing bonus of \$33,300,000 paid by Frontera. With the Frontera joint venture, which also involves a 1:1.25 carry on direct well costs, CGX Energy will be positioned to accelerate development of the Corentyne and Demerara blocks, CGX Energy’s two largest offshore concessions.
- The Company successfully completed a rights offering (“**Offering**”) in the amount of Canadian dollar (“**C\$**”) \$29,025,579. The Offering allowed CGX Energy to ensure that its shareholders were provided an opportunity to participate in the Company’s restructuring of its debt and advancing its exploration program in Guyana. The success of the Offering, which was oversubscribed, signals strong support for CGX Energy in its ongoing operations and prospects and allowed the Company to address its debt to Japan Drilling Co., Ltd. (“**JDC**”) as well as inject additional working capital into the Company.
- Through its 62.5% owned subsidiary ON Energy Inc., the Company completed a geochemical survey over the Berbice block covering an area of 287 km² and 104 line km; exceeding the coverage required by our work program of 120 km² by more than 100%.
- The Company partnered with members of Guyana’s Indigenous Aleluya Religion in a naming and blessing ceremony for its Utakwaaka prospect on the Corentyne block. Utakwaaka means “New Dawn” – a fitting name for the Company’s renewed activity in the basin.
- In 2018, the Company resumed developmental works on its wholly owned Grand Canal Industrial Estates Deep Water Port and Logistics Base in Region 6, East Berbice-Corentyne, Guyana.

In 2019, CGX Energy is firmly focussed on working with the Government of Guyana and its partners to explore its Corentyne Block, maximise its investments in its deep-water port and position itself to explore its Demerara and Berbice blocks in 2021 and 2023. I would like to thank all shareholders for their support

and confidence in the company and the Government of Guyana for its collaboration as CGX Energy proceeds to aggressively pursue exploration on its blocks in the exciting Guyana Basin.

2018 Year-End Overview and Highlights of Most Recent Activities

- In April 2019, CGX Energy and Frontera, amended the maturity date of all the outstanding amounts payable to Frontera to April 30, 2019.
- On March 28, 2019, CGX Energy completed the agreement with JDC made on October 30, 2018, and settled all liabilities claimed by JDC from the Company arising from a cancelled drilling contract in 2015. Under the terms of the agreement, the Company paid JDC 45% of the principal amount of the funds claimed and recorded (or \$6,637,537, together with interest accrued on such reduced amount in the sum of \$1,266,500 or \$7,904,037 in the aggregate) as at October 30, 2018, in order to fully satisfy all liabilities. The Company recorded a gain on settlement of debt of \$9,998,862 in the three month period ended March 31, 2019.
- Pursuant to the Offering, the Company issued to holders of its outstanding common shares of record as at the close of business on February 11, 2019 an aggregate of 116,102,318 transferable rights (each, a “**Right**”). Each Right entitled the holder thereof to subscribe for one common share upon payment of the subscription price of C \$0.25 (equivalent of approximately \$0.1876) per common share prior to March 12, 2019. On March 12, 2019, the Company issued 116,102,318 common shares, the maximum number of common shares available for issuance under the terms of the Offering, based on shareholders’ exercise of the basic subscription privilege and the additional subscription privilege, allocated pro-rata, for aggregate gross proceeds to the Company of C\$29,025,579 (equivalent of approximately \$21,779,530). Frontera provided a standby commitment in connection with the Offering (“**Standby Commitment**”), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Rights Offering, such that CGX Energy was guaranteed to issue 116,102,318 common shares in connection with the Offering. In consideration for the Standby Commitment, Frontera received five year warrants to purchase up to 15,009,026 common shares at an exercise price equal to C\$0.415 per common share (a “**Warrant**”). Since the Offering was oversubscribed, Frontera did not acquire any additional shares under the Standby Commitment.
- In December 2018, the Company and Frontera entered into a letter of intent, whereby Frontera and CGX Energy’s 100% owned subsidiary CGX Resources Inc., were to enter into a farm-in joint venture agreement (“**JV Agreement**”) covering CGX Energy’s two shallow water offshore Petroleum Prospecting Licenses (“**PPL**”) in Guyana, the Corentyne and Demerara PPLs. Subsequent to December 31, 2018, the Company and Frontera executed this JV Agreement. The JV Agreement remains subject to Guyanese government approval. Upon receipt of regulatory and Guyanese government approval for the farm-in, Frontera will acquire a 33.333% working interest in the two blocks in exchange for a \$33,300,000 signing bonus. Frontera has agreed to pay 33.333% of the applicable costs plus an additional 8.333% of the Company’s direct drilling costs for the initial exploratory commitment wells in the two blocks. The additional 8.333% carry provided shall be subject to a maximum gross amount (including tax and all costs) of (i) \$30,000,000 for drilling the first exploratory well under the Corentyne Petroleum Agreement and (ii) \$40,000,000 for drilling the first exploratory well under the Demerara Petroleum Agreement. The Company will be the operator. Pursuant to the JV Agreement, as of April 24, 2019 approximately \$24,700,000 of the current amounts outstanding to Frontera will be netted against the \$33,300,000 signing bonus.
- On February 7, 2019, to pay the required drilling rig minimum obligation fee of \$5,340,000 (covering the Company’s share of the mobilization fee, demobilization fee and 30-days of rig time charged at the stand-by rate), Frontera advanced the Company the full amount. Of this amount the Company signed a promissory note for \$3,115,035 (the “**Promissory Note**”), being the Company’s anticipated share pursuant to the terms of the JV Agreement. The Promissory Note bears interest at a rate of 7% per annum and matures on the earlier of Guyanese government approval or April 30, 2019 and will be netted

against the \$33,300,000 signing bonus on the JV Agreement. In the event that the JV Agreement does not receive Guyanese government approval, the full amount of \$5,340,000 will be required to be repaid.

- On January 30, 2019, the Company amended its Bridge Loan III with Frontera to a non-revolving term facility in an amount of up to \$12,939,000, provided that the facility will be automatically reduced by a payment from the Company to a maximum principal amount of \$8,800,000 by April 30, 2019. This revised term facility carries an interest rate of up to 7% per annum and matures on September 30, 2019. The \$8,800,000 principal amount is convertible at the option of Frontera any time prior to maturity or repayment at a price of \$0.22 per share. As of April 24, 2019, the Company has fully drawn the available amounts from the facility.
- On December 20, 2018, the Company entered into an agreement with Frontera to settle various debts of \$1,200,000 by issuing 5,714,285 common shares.
- On August 10, 2018, at a naming ceremony held in Georgetown, Guyana presided by the Indigenous Peoples of that country, the Company announced that its well proposed to test the first prospect on its Corentyne PPL will be named Utakwaaka, meaning “New Dawn” or “New Day”. CGX plans to drill the Utakwaaka exploration well in the third quarter of 2019.

About CGX Energy

CGX Energy is a Canadian-based oil and gas exploration company focused on the exploration of oil in the Guyana-Suriname Basin.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE

Forward-Looking Statements:

This news release contains forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “would”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur in the future. These forward-looking statements are based on certain key expectations and assumptions made by CGX Energy. CGX Energy believes the expectations and assumptions on which it develops forward-looking statements are reasonable; however, undue reliance should not be placed on forward-looking statements as there can be no assurance they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. In addition, other risks that may affect the forward-looking statements in this news release are outlined further in the Company’s most recent annual financial statements and management and discussion and analysis on SEDAR at www.sedar.com.

The forward-looking statements contained in this news release are made as of the date hereof and CGX Energy undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

For further information, please contact:

Brooks Lyons, Manager, Commercial & Business Development at (832) 300-3200 or blyons@cgxenergy.com or Tralisa Maraj, Chief Financial Officer at (832) 300-3200.