



**NEWS RELEASE**  
**CGX ENERGY INC.**  
**(TSX-V | OYL)**  
**October 31, 2018**

**CGX Energy Agrees to Settle Liabilities Owed to Japan Drilling**

Toronto, Canada, Wednesday, October 31, 2018 - CGX Energy Inc. (“**CGX Energy**”) announced today that it and its subsidiary CGX Resources Inc. (collectively, the “**Company**”) have entered into an agreement with Japan Drilling Co., Ltd. (“**JDC**”) to settle all liabilities claimed by JDC from the Company arising from a drilling contract and subsequent settlement arrangements between the parties as detailed in note 9 to the Company’s interim consolidated financial results for the three and six-month periods ended June 30, 2018 posted under the Company’s profile at [www.sedar.com](http://www.sedar.com).

The agreement with JDC is one step in a series of transactions that CGX Energy is seeking to undertake in order to restructure its liabilities and provide for sufficient working capital to enable CGX Energy to give effect to its business plan.

Under the terms of the agreement, the Company is proposing to pay JDC 45% of the principal amount of the funds claimed (or US\$6,637,536.80), together with interest accrued on such reduced amount in the sum of US\$1,266,500.08 (or US\$7,904,036.88 in the aggregate), in order to fully satisfy all liabilities. The completion of this transaction is conditional on CGX Energy successfully completing a financing, which condition may be waived by the Company. The agreement between JDC and the Company will terminate if the closing of the transaction is not completed on or before March 31, 2019. The failure to complete this transaction will result in any liabilities owed to JDC remaining outstanding which liabilities would continue to incur interest.

To the knowledge of the Company, JDC owns 14,752,764 CGX Energy common shares (or approximately 13.36% of the outstanding CGX Energy shares). As a result, the transaction is considered to be a related party transaction under Multilateral Instrument 61-101 (“**MI 61-101**”), which absent exemptions would obligate CGX Energy to obtain a formal valuation and obtain approval from a minority of the CGX Energy shareholders. CGX Energy is exempted from the formal valuation requirement pursuant to section 5.5(b) of MI 61-101 and from the minority approval requirement pursuant to section 5.7(1)(c) of MI 61-101 on the basis that JDC beneficially owns voting securities of CGX Energy that carry fewer voting rights than Frontera Energy Corp. who, in the circumstances of the transaction, is not an interested party, is arm’s length to JDC and supports the transaction.

**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.

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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. Forward looking statements herein include statements regarding the closing of the transaction between JDC and the Company. These forward-looking statements are based on certain key expectations and assumptions made by CGX Energy, including its expectation that it will be able to complete an appropriate financing on a timely basis. 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. No assurance can be given that the Company will be able to complete a financing or otherwise complete the terms of the transaction agreed to with JDC. 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 CGX Energy’s management discussion and analysis and annual information form on SEDAR at [www.sedar.com](http://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:**

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