



NEWS RELEASE
CGX ENERGY INC.
(TSX-V | OYL)
January 21, 2016

CGX Energy Enters into Settlement Agreement and welcomes Japan Drilling as a Significant Shareholder

Toronto, Canada, Thursday January 21, 2016 – CGX Energy Inc. (“**CGX Energy**” or the “**Company**”) announced today that the Company and CGX Resources Inc. (“**CGX Resources**”) have entered into a definitive settlement agreement (the “**Settlement Agreement**”) with Japan Drilling Co., Ltd. (“**JDC**”) with an effective date of November 30, 2015.

“We are pleased to have JDC as a significant shareholder in the Company and look forward to working with them in the future,” said Dewi Jones, Chief Executive Officer of the Company. “We are grateful to JDC for their continued support of the Company through this period of depressed oil prices.”

On June 19, 2014, CGX Resources, a wholly-owned subsidiary of the Company, entered in to: (i) a drilling rig agreement (the “**Drilling Agreement**”) with JDC for the use of JDC’s HAKURYU-12 drilling rig (the “**Rig**”). As previously announced, on August 28, 2015, CGX Energy, CGX Resources and JDC entered into a settlement term sheet whereby the parties agreed to terminate the Drilling Agreement and settle amounts owing to JDC in the amount of U.S.\$20.35 million (the “**JDC Payable**”) in exchange for the issuance of 16,522,500 common shares in the capital of CGX Energy (the “**Settlement Shares**”) and the deferral of the JDC Payable in the amount of U.S.\$14.85 million. The parties subsequently entered into the Settlement Agreement in respect of the issuance of the Settlement Shares and the settlement of the JDC Payable. Pursuant to the terms of the Settlement Agreement, the parties agreed that the JDC Payable shall be settled as follows: (i) U.S.\$500,000 by December 1, 2015 (the “**First Payment**”); (ii) U.S.\$7.18 million by March 25, 2016; and (iii) U.S.\$7.18 million by June 15, 2016. CGX Energy has paid U.S.\$100,898.63, representing U.S.\$100,000 plus accrued and unpaid interest thereon from and including December 1, 2015, in respect of the partial settlement of the First Payment on January 11, 2016 and JDC has agreed to the deferral of the remaining balance of the First Payment (plus accrued and unpaid interest thereon from and including December 1, 2015) which shall be made no later than by March 25, 2016.

The 16,522,500 Settlement Shares were issued to JDC on January 11, 2016 after receiving approval from the TSX Venture Exchange. The Settlement Shares represent U.S.\$5.5 million of the JDC Payable and were issued at a subscription price of Cdn.\$0.44 per share. The Settlement Shares represent approximately 15% of all issued and outstanding common shares on a non-diluted basis. The Settlement Shares are subject to a hold period expiring May 12, 2016, representing four months and one day after the date of issuance.

As part of the Settlement Agreement, the Company also provided JDC with a parent guarantee in respect of the JDC Payable which shall be reduced upon each applicable repayment of the JDC Payable, including the issuance of the Settlement Shares.

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 Annual Information Form dated April 29, 2015 filed 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.

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