



NEWS RELEASE
CGX ENERGY INC.
(TSX-V | OYL)
Tuesday October 18, 2016

CGX Energy Provides Operational Update

Toronto, Canada, Tuesday October 18, 2016 – CGX Energy Inc. (TSX-V - OYL) (“**CGX Energy**” or the “**Company**”) today provided an operational update on its exploration assets in Guyana.

Berbice Port Project

As previously announced, on April 18, 2016, the Company entered into a term sheet (the “**Term Sheet**”) with a potential partner (the “**Partner**”) in respect of the Company’s wharf and logistics yard located in Berbice, Guyana (the “**Berbice Port Project**”). Pursuant to the Term Sheet, as amended, the Company provided the Partner and its advisors a seventy-five day exclusivity period within which to conduct further due diligence and to allow the parties time to negotiate definitive documentation (the “**Exclusivity Period**”). The Term Sheet was amended to extend the Exclusivity Period until August 20, 2016. Following the expiry of the Exclusivity Period, the Company lost confidence in certain counter parties to the Term Sheet for several reasons, including the Company’s inability to confirm the financial capacity of the funding parties to complete the transaction proposed by the Term Sheet. After subsequent discussions, the parties agreed not to enter into a definitive agreement at this time. In connection with the granting of the Exclusivity Period, the Company received U.S.\$50,000 as non-refundable deposit as part of the Term Sheet.

Serafino Iacono, Co-Chairman of the Company, commented: “Unfortunately, we abandoned the proposed transaction for a number of reasons, including as a result of the Partner not being able to demonstrate the financial wherewithal to complete the purchase of the assets and fund the requisite capital expenditures required under our proposed partnership. Ultimately, the Company could not risk entering into a definitive agreement with a partner that could not demonstrate a baseline ability to meet their financial commitments under the proposed terms of the transaction.”

The Company is now actively seeking a new partner to help in the development of its Berbice Port Project. The Berbice Port Project consists of: (i) 15.6 acres freehold land asset containing an existing logistics yard; and (ii) a 50-year land lease from the Government of Guyana for a 55 acre property near the mouth of the Berbice River. The objective of purchasing this land was to build a deep sea port to service the offshore oil and gas exploration industry in the Guyana-Suriname Basin (the “**Berbice Port Project**”). The Company currently has interest from several parties and is seeking to enter into a definitive agreement in respect of the Berbice Port Project by year-end. For more information on the Berbice Port Project, please see the Company’s website at: http://www.cgxenergy.com/cmsAssets/docs/pdf/Port%20Project%20Flyer_v1.pdf.

It is anticipated that the offshore exploration and production industry in the Guyana-Suriname Basin is set to expand dramatically in light of the most recent drilling success of Exxon Mobil. With the significant restrictions facing the Port of Georgetown, the Berbice Port Project provides the Company with a significant opportunity to develop the main deep water port facility in Northeast South America.

Corentyne Block

CGX Energy continues its initiatives to secure a joint venture partner for all three Petroleum Prospecting Licences (“PPL”) and is actively pursuing this initiative. Pursuant to the terms of the PPL governing the Corentyne Block, the Company is currently negotiating the terms of an extension of the spud date for its next exploration well on the Corentyne Block. The previous spud date was July 1, 2016. The Company has received initial comments from the Government of Guyana and hopes to resolve the negotiation early in the fourth quarter.

“We are pleased to have been invited by the Government of Guyana to negotiate the new terms of the PPL governing the Corentyne Block. We have a long history in Guyana and look forward to continuing normal operations upon conclusion of our negotiations,” comments Suresh Narine, Co-Chairman of the Company.

Demerara Block

CGX Energy and Prospector PTE. LTD (“**Prospector**”) have entered into an addendum contract whereby Prospector will complete further processing on the Demerara Block 3D seismic data at maximum cost of U.S.\$550,000 to be paid upon completion. This project will help the Company further delineate the prospectivity of the block. In 2014, Prospector under the original agreement with CGX Energy conducted a 3,116.74 km² 3D seismic survey on the Demerara Block. As part of the amended contract, CGX Energy’s overall interest rate on debt to Prospector has been reduced by 50% to 6% per annum.

Dewi Jones, Chief Executive Officer of the Company commented: “CGX Energy continues to have a very good working relationship with Prospector and we look forward to completing this project with them as soon as possible.”

Bridge Loan Facility

CGX Energy has entered into a bridge loan facility with Pacific Exploration & Production Corp. (“**Pacific**”) in an amount up to U.S.\$2 million. This facility shall be used to help CGX Energy fund monthly general and administrative expenses and is a drawdown facility that is approved by Pacific on a monthly basis. Pacific has the right to take a pledge of shares of CGX Energy’s subsidiaries in an event of default under the facility. Pacific owns 50,351,929 common shares in the capital of CGX Energy, representing approximately 45% of the issued and outstanding common shares on a non-diluted basis.

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. There can be no assurance that any transaction involving the Berbice Project materializes and investors should review the other risks that may affect the forward-looking statements in this news release, which 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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