Annual Information Form
For the year ended December 31, 2010

May 31, 2011

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GLOSSARY OF SELECTED TERMS

The following are selected abbreviations and definitions of terms used herein:

"Annex PPL" means the Annex Petroleum Prospecting License that forms part of the Corentyne PA held 100% by CGX Resources;

"bbl" means barrel and "bbls" means barrels and "bbls/d" means barrels per day;

"bcf" means billions of cubic feet;

"Berbice Block" means the combined Corentyne Onshore PPL and the Berbice PPL owned by ON Energy;

"Berbice PPL" means the Berbice Petroleum Prospecting License owned by ON Energy;

"boe" means barrels of oil equivalent natural gas converted at 6 mscf of natural gas per barrel of oil; "boe/day" means barrels of oil equivalent per day;

"CGX" or the "Corporation" means CGX Energy Inc., a corporation incorporated under the Ontario Business Corporations Act;

"CGX Resources" means CGX Resources Inc., a wholly-owned subsidiary of CGX incorporated in the Bahamas;

"Common Shares" means the common shares of CGX;

"Corentyne PA" means the Corentyne Petroleum Agreement which is split into three Petroleum Prospecting Licenses (PPL) – the Corentyne PPL, the Corentyne Onshore PPL and the Annex PPL, of which the Corentyne PPL and the Annex PPL are held 100% by CGX Resources and the Corentyne Onshore PPL is held 62% by CGX Energy through its subsidiary ON Energy Inc.;

"Corentyne PPL" means the Corentyne Petroleum Prospecting License that is 100% held by CGX Resources;

"Corentyne Onshore PPL" means the Corentyne Onshore Petroleum Prospecting License that is 62% held by ON Energy;

"Georgetown PPL" means the Georgetown Petroleum Prospecting License held 25% by CGX Resources in partnership with Repsol Exploración S.A. (15%), YPF Guyana Limited (30%) and Tullow Guyana BV (30%);

"GCIE" means Grand Canal Industrial Estates Inc, a Guyana incorporated company held 100% by GCIE Holdings;

"GCIE Holdings" means GCIE Holdings Limited, a 100% owned subsidiary of CGX incorporated in Barbados

"GGMC" means the Guyana Geology and Mines Commission;

"Gustavson" means Gustavson Associates LLC;

"Gustavson Report" means the report dated April 15, 2011 prepared by Gustavson regarding the Corporation's prospective resources;

"ITLOS" means International Tribunal on the Law of the Sea;

“JRD” means Jefferies, Randall and Dewey, a division of Jefferies Inc.;

"NI 51-101" means National instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*;

"OBCA" means the *Business Corporations Act* (Ontario);

“ON Energy” means ON Energy Inc., a 62% owned subsidiary of CGX incorporated in Guyana.

“OPEC” means the Organization of Petroleum Exporting Countries;

“PA” means Petroleum Agreement;

"Participating Interest" means a working interest in an oil and gas concession or field that includes an obligation to pay capital and operating costs and the right to receive hydrocarbon production and production revenue; and

“Pomeroon PPL” means the Pomeroon Petroleum Prospecting License held 100% by CGX Resources;

“PPL” means Petroleum Prospecting License;

“PSDM” means Pre-Stack Depth Migration

“PSTM” means Pre-Stack Time Migration

“Repsol” means Repsol Exploración S.A., the operator of the Georgetown PPL that holds a 15% working interest;

"TSXV" means the Toronto Venture Exchange;

“Tullow” means Tullow Guyana BV, one of the partners on the Georgetown PPL that holds a 30% working interest;

“UNCLOS” means United Nations Convention on the Law of the Sea;

“YPF” means YPF Guyana Limited, a wholly-owned subsidiary of YPF S.A. that owns a 30% interest in the Georgetown PPL.

MONETARY REFERENCES

All monetary references contained in this Annual Information Form are in US dollars unless otherwise specified.

FORWARD LOOKING STATEMENTS

This Annual Information Form includes "forward looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management of CGX and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. All statements other than statements of historical fact contained herein are forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of CGX to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of CGX to fund the capital and operating expenses necessary to achieve the business objectives of CGX, the uncertainty associated with commercial negotiations and negotiating with foreign governments, the risk of default under key agreements and risks associated with international business activities, as well as those risks described in public disclosure documents filed by CGX. Although management of CGX believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of CGX should not place undue reliance on these forward-looking statements.

This Annual Information Form contains disclosure in respect of prospective resources as detailed in the Gustavson Report regarding the Corporation's prospective resources as at April 15, 2011.

Statements in relation to "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the list of risks, uncertainties, other factors and the information set forth under "Risk Factors" are not exhaustive and CGX has made assumptions on the risk factors that are considered relevant. Investors and others should carefully consider the factors discussed, as well as other uncertainties and potential events and the inherent risks and uncertainties of forward looking statements. The forward-looking statements contained in this Annual Information Form are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking statements contained in this Annual Information Form or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

CORPORATE STRUCTURE

Name and Incorporation

CGX Energy Inc. (the "Corporation" or "CGX") was amalgamated pursuant to the *Business Corporation Act* (Ontario) on October 28, 1998 with Northwest Explorations Inc. On October 28, 1998, articles of amendment were filed to change the name of the Corporation to "CGX Energy Inc.".

The registered and head office of the Corporation is located at Suite 1010, 130 Adelaide Street West, Toronto, Ontario M5H 3P5. The Corporation also maintains a local office in Georgetown, Guyana.

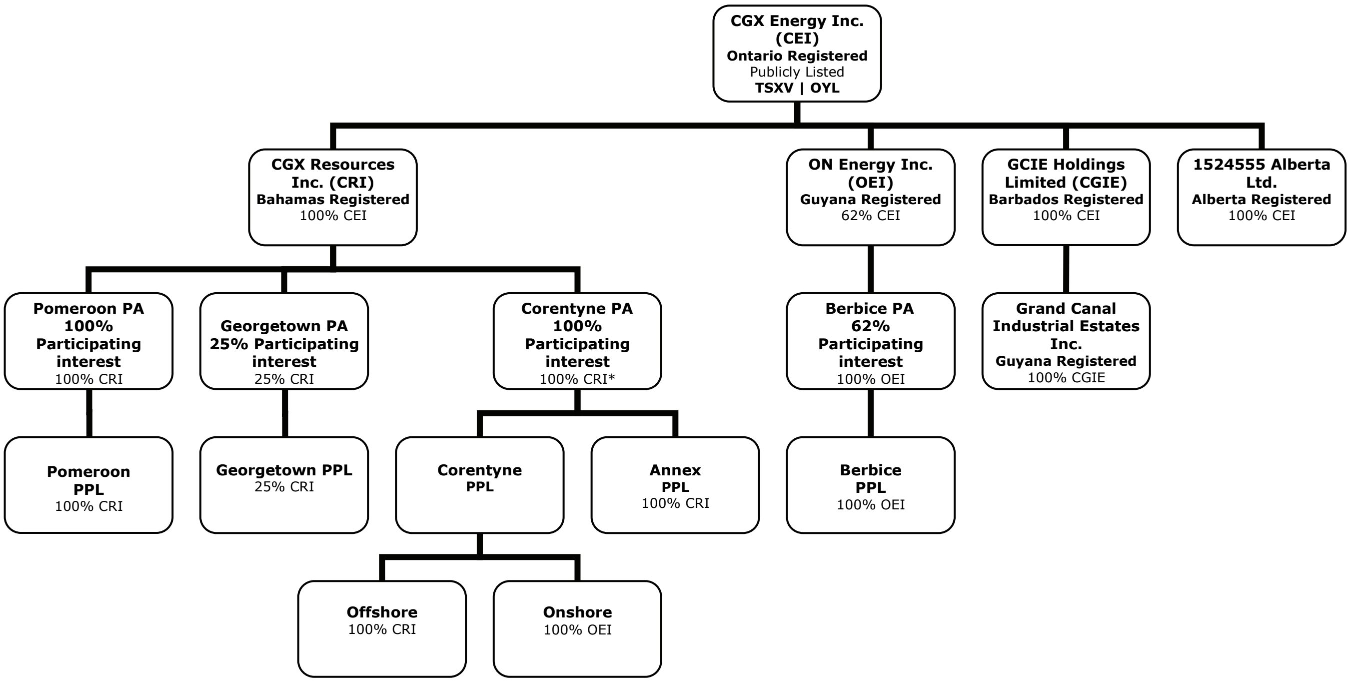
Since May 4, 2000, the Common Shares have traded on the TSXV, initially under the trading symbol "OYL.U" (U denoting US$) and effective February 21, 2008, under the symbol OYL in C$.

Company Structure

As at December 31, 2010, CGX has four direct subsidiaries: (i) CGX Resources Inc., a wholly-owned subsidiary, which is incorporated pursuant to the laws of Bahamas; (ii) ON Energy Inc., a corporation subsisting under the laws of Guyana, 62% of the voting shares of which are owned by CGX; (iii) 1524555 Alberta Ltd., a wholly-owned subsidiary, which is incorporated pursuant to the laws of Alberta; and (iv) GCIE Holdings Limited, a wholly-owned subsidiary, which is incorporated pursuant to the laws of Barbados which corporation owns 100% of the shares of Grand Canal Industrial Estates Inc., a corporation subsisting under the laws of Guyana. The head and registered offices of CGX Resources are each located at Mareva House, 4 George Street, Nassau, Bahamas. The head and registered offices of ON Energy are each located in Guyana c/o Luckhoo & Luckhoo, PO Box 10294, 1 Croal Street, Georgetown, Guyana. The head and registered offices of 1524555 Alberta Ltd. are each located at 1500, 850 – 2nd Street SW, Calgary, Alberta T2P 0R8. The head and registered offices of GCIE Holdings Limited are each located at Worthing Centre, Worthing Main Road, Christ Church, BB

15008, Barbados. The head and registered offices of Grand Canal Industrial Estates Inc. are each located at 44B High Street, 2nd Floor, Georgetown, Guyana.

The following organizational chart sets forth the corporate structure of CGX, its ownership interest in each subsidiary corporation and interest of each subsidiary in the assets of CGX.



* The Corentyne PA comprises two separate PPLs, the Annex PPL which is owned 100% by CGX Resources and the Corentyne PPL which has two components — the exploration rights offshore Guyana owned 100% by CGX Resources Inc. and the exploration rights onshore owned 100% by ON Energy having been transferred to ON Energy by CGX in September 2003.

GENERAL DEVELOPMENT OF THE BUSINESS

CGX is an international energy company with its head office in Toronto and a local office in Georgetown, Guyana, South America. CGX is engaged in exploration for oil and gas in Guyana, South America.

History of CGX

A description of the general development of CGX for the past three years, being 2008 through 2010, is set out below.

2008

- January 2008 - Independent resource assessment prepared by Gustavson, which based on interpretation of 2D seismic provided a best case prospective resource for four prospects on the CGX Resources' Corentyne PPL of 2.7 billion barrels.

- April 2008 – Grant of 2,650,000 stock options to directors, management and consultants at an exercise price of $2.70 per share until April 11, 2013.

- June 2008 – The Corporation's wholly-owned subsidiary CGX Resources awarded a 500 square-kilometre 3D marine-seismic contract to Fugro-GeoTeam for the Corentyne PPL.

- July 2008 - CGX announced a shareholders rights plan (the "Rights Plan") for fair and equal treatment of shareholders in connection with any take-over bid for the outstanding securities of the Corporation. The Rights Plan provides the Board of Directors with 60 days to assess a take-over bid and consider alternatives to maximize shareholder value. The Rights Plan becomes exercisable only if a person or company acquires, or announces its intention to acquire, 20% or more of the common shares of the Corporation.

- September 2008 – The Corporation confirmed that a 1,839 square kilometre 3D seismic program for the Georgetown PPL was agreed by partners and Fugro-GeoTeam was awarded the contract which would be undertaken at the same time as the 500 square kilometre 3D contract for the Corentyne PPL, providing CGX with cost reductions related to mobilization and de-mobilization.

- October 2008 - 3D seismic program commenced offshore Guyana.

- December 2008 – 3D seismic program undertaken on the Corentyne PPL was finalized.

2009

- January 2009 – 3D seismic program undertaken on Georgetown PPL was finalized.

- June 2009 – Grant of 2,500,000 stock options to directors, management and consultants at an exercise price of $1.36 per share until June 1, 2014.

- November 2009 – John Clarke joins CGX as Vice President, Business Development and was granted 500,000 options exercisable at $1.10 until October 31, 2014.

- November 2009 – Consulting relationships with James Fairbairn, CFO; John Clarke, Vice President Business Development; Denis Clement, Director; and Charlotte May, Investor Relations formalized.

- November 2009 - Black Gold Services PTE Ltd. ("Black Gold") retained to consult on the formation of a drilling consortium.

- November 2009 – The partners to the Georgetown PPL (Repsol, YPF, Tullow and CGX Resources) renewed the Georgetown PPL and entered into the second renewal period relinquishing approximately 30% of acreage and committed to a minimum work commitment to drill a well within 18 months of the renewal date.

- November 2009 – CGX finalized 3D seismic interpretation.

- December 2009 – CGX re-engaged Jefferies, Randall & Dewey to seek joint venture partner(s) on CGX Resources' Corentyne and Georgetown PPL's.

2010

- February 2010 – Grant of 200,000 options to a consultant of the Corporation exercisable at $1.80 until February 26, 2015.

- February 2010 - CGX Resources applied for and received permission to construct a port facility in the mouth of the Berbice River as a staging and storage facility to support offshore exploration.

- March 2010 – Independent resource assessment prepared by Gustavson, which based on interpretation of 500 square kilometres of 3D seismic data acquired in 2008, provided a best case prospective resource for three prospects on the CGX Resources' Corentyne PPL of 2.8 billion barrels.

- June 2010 – The partners to the Georgetown PPL (Repsol, YPF, Tullow and CGX Resources) contracted the Atwood Beacon jack-up drilling rig operated by Atwood Oceanics Pacific Limited, to drill a well on the Georgetown PPL as part of a three-member operator group, at an operating day rate of approximately US$115,000.

- June 2010 – CGX Resources renewed the Corentyne PPL and entered into the second renewal period relinquishing approximately 30% of acreage and committed to a minimum work commitment to drill a well within 18 months of the renewal date.

- August 2010 – Closed a $20 million offering through the issuance of 40,000,000 common shares at a price of $0.50 per share and paid a cash commission of $1.1 million to the agents which were co-led by Cormark Securities Inc. and RBC Capital Markets Inc. and included Canaccord Genuity Corp., Dundee Securities Corporation, Macquarie Capital Markets Canada Ltd., Jennings Capital Inc. and Toll Cross Securities Inc.

- October 2010 - Grant of 2,200,000 stock options to directors, management and consultants at an exercise price of $1.11 per share until October 19, 2015.

- December 2010 – Closed a $23 million bought deal financing and issued 25,587,500 common shares at a price of $0.90 and paid a cash commission of $1.4 million to the underwriters which were led by Cormark Securities Inc. and included Canaccord Genuity Corp., Macquarie Capital Markets Canada Ltd., GMP Securities L.P. and Toll Cross Securities Inc.

Plans for 2011

- CGX's intends to drill two exploratory wells offshore Guyana, the Jaguar-1 well on the Georgetown PPL and the Eagle-1 well on the Corentyne PPL. CGX's portion of the costs associated with the drilling of the Jaguar-1 well are estimated to be between US$30 million and US$40 million and the cost of drilling the Eagle-1 well is estimated to be approximately US$40 million if drilled to a shallow Eocene prospect, or between US$90 and US$100 million if drilled deeper to a prospect equivalent to the Jaguar test. The cost estimates for both the Jaguar-1 well and the Eagle-1 well are based on the current best estimates of the costs associated with the planning, execution, services, and time to drill the wells and are not fixed costs.

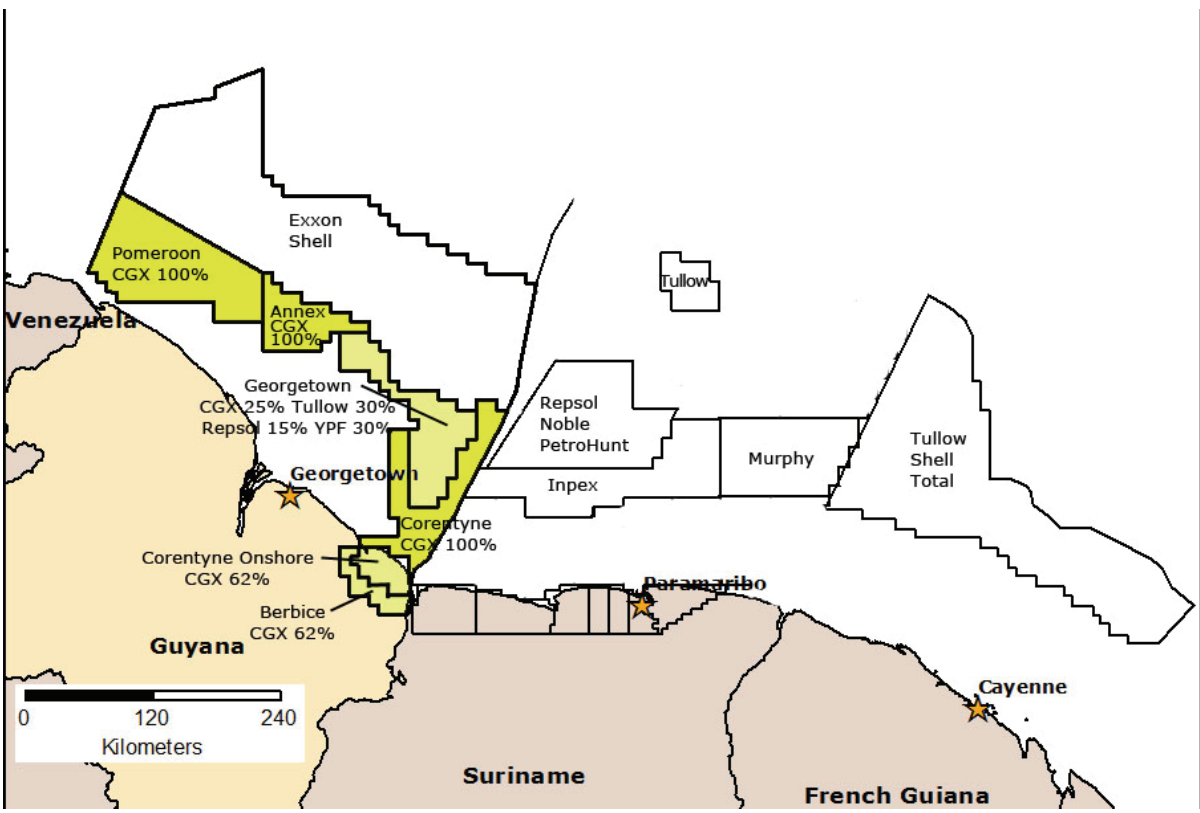
- Depending on the outcome of the joint venture process, which was ongoing throughout 2010 and into 2011, an additional an equity issue may be required to supplement the cost of the planned two well drilling program.

BUSINESS OF THE CORPORATION

Overview

CGX Energy Inc. was created for the primary purpose of exploring offshore Guyana, South America. As at December 31, 2010, CGX Resources holds an interest in four PAs covering approximately 31,762 gross square kilometres (approximately 25,237 net) offshore and onshore Guyana. Each PA corresponds to a separate PPL, with the exception of the Corentyne PA which is split into two PPL's, the Annex PPL and the Corentyne Offshore and Onshore PPL.

CGX Petroleum Prospecting Licences					
Offshore	**Square Kilometres**		**Acres**		**Participating Interest**
	Gross	**Net**	**Gross**	**Net**	
Corentyne PPL	6,220	6,220	1,537,098	1,537,098	100%
Annex PPL	3,975	3,975	982,362	982,362	100%
Georgetown PPL	7,032	1,758	1,737,678	434,419	25%
Pomeroon PPL	11,240	11,240	2,777,556	2,777,556	100%
Total Offshore	28,468	23,194	7,034,694	5,731,435	
Onshore					
Corentyne PPL	1,728	1,071	426,998	264,739	62%
Berbice PPL	1,566	971	386,967	239,920	62%
Total Onshore	3,294	2,042	813,965	504,659	
Total	31,762	25,237	7,848,659	6,236,094	



In 1999, CGX Resources commenced exploration offshore Guyana, with an 1,800 kilometre seismic program which led to the start of drilling on the Eagle target located on the Corentyne PPL in June 2000. A border dispute between Guyana and Suriname resulted in CGX Resources being forced off the Eagle location by gunboats from Suriname. As a result of that incident, all active exploration offshore by CGX Resources and the other operators in the area, including Exxon, and Maxus (Repsol YPF), were suspended.

On September 17, 2007, the International Tribunal on the Law of the Sea (ITLOS) determined that it had the jurisdiction to decide on the merits of the dispute and awarded a maritime boundary between Guyana and Suriname, and determined that the line adopted by ITLOS to delimit the continental shelf and exclusive economic zone followed an unadjusted equidistance line. The arbitration was compulsory and binding. CGX financed a significant portion of Guyana's legal expense at a cost to CGX of US$10 million.

The decision was extremely positive for CGX as it concluded that 93% of CGX Resources' Corentyne PPL and 100% of the Georgetown PPL was in Guyana territory. The Eagle drilling location in 2000 was 15 kilometres within the ITLOS border award.

During the period when the maritime dispute was not settled, CGX Resources expanded its regional understanding of the Basin by acquiring and reinterpreting historic information, mainly seismic data, and acquiring interests in the surrounding concessions.

In January 2001, CGX Resources acquired the one million acre Annex PPL, after relinquishing a similar sized portion of the Corentyne PPL that was viewed as less prospective.

In June 2002, CGX Resources purchased AGIP Guyana's 25% interest in the adjoining 2.7 million acre Georgetown PPL. Through a data exchange, CGX Resources already had 1,700 kilometres of 2D seismic that had been shot in 1999 in conjunction with the Corporation's 1,800 kilometre 2D program that was undertaken on the Corentyne PPL prior to drilling in 2000.

In December 2003, CGX Resources purchased Century Guyana, Ltd. ("Century") 100% interest in the 2.8 million acre Pomeroon PPL. The Government of Guyana approved the transfer in July 2004. CGX Resources has completed a regional reinterpretation of existing data to identify priority areas for future seismic. Additional field seismic and exploration drilling on the Pomeroon PPL has been deferred pending concurrence by Guyana and Venezuela on a maritime boundary issue between the two countries.

In September 2003, CGX created a wholly-owned subsidiary company, ON Energy, registered in Guyana to actively explore the 415,000 acre Corentyne Onshore PPL and the 387,000 acre Berbice PPL, collectively the Berbice Block. Following two private placements undertaken by ON Energy wherein a total of $9.1 million was raised and in which the Corporation invested $4.6 million, CGX's current interest in ON Energy is 62%. ON Energy completed a very large geochemical survey and reinterpreted existing aeromagnetic data that covered the Berbice Block and surrounding region. This was followed by a 2D seismic survey, employing some 250 local personnel. Drilling commenced in May 2005, resulting in three dry and abandoned wells. During 2006, a third-party review concluded that a more attractive exploration fairway on the Berbice PPL could exist further inland, with a potential trap being formed against the rising basement rock. ON Energy has presented this analysis to several parties that may be interested in earning an interest in the Berbice PPL by drilling one or more exploration wells.

Since the resolution of the Guyana/Suriname Maritime Border, activity has increased significantly. CGX Resources acquired 505 square kilometres of 3D seismic program on its Corentyne PPL, and 1,839 square kilometres of 3D seismic on the Georgetown PPL with Repsol.

On November 23, 2007, CGX Resources retained JRD as its advisor to market a joint venture opportunity on its Corentyne PPL. A number of parties reviewed the data but none were prepared to commit to the drilling of a well prior to the acquisition and interpretation of 3D seismic data. The joint venture marketing was reinitiated in December 2009.

On June 14, 2008, CGX Resources awarded a 500 square-kilometre 3D marine-seismic contract to Fugro-GeoTeam for the Corentyne PPL.

On September 9, 2008, YPF Guyana Ltd., a subsidiary of Repsol YPF acting as operator of the Georgetown PPL confirmed that a 1,839 square kilometre 3D seismic program for the Georgetown PPL was agreed by partners and Fugro-GeoTeam was awarded the contract which would be undertaken at the same time as the 500 square kilometre 3D contract for the Corentyne PPL, providing CGX with cost reductions related to mobilization and de-mobilization.

On November 25, 2009, the partners to the Georgetown PPL (Repsol, YPF, Tullow and CGX Resources) renewed the Georgetown PPL and entered into the second renewal period relinquishing approximately 30% of acreage and committed to a minimum work commitment to drill a well within 18 months of the renewal date.

In June 2010, the Georgetown PPL partners committed to a rig-sharing consortium, which contracted the Atwood Beacon jack-up rig to drill two wells for Murphy Oil Corporation ("Murphy") and one for Inpex Corporation ("Inpex") offshore Suriname, and one well on the Georgetown PPL. Murphy completed its second well in April 2011 and following the drilling of the Inpex well, the rig is expected to be at the Jaguar-1 well location by late July 2011.

On June 24, 2010, CGX Resources renewed the Corentyne PPL and entered into the second renewal period relinquishing approximately 30% of acreage and committed to a minimum work commitment to drill a well within 18 months of the renewal date.

The Guyana Suriname Basin

Overview of the Basin

The Guyana Suriname Basin lies along the coastal area of Guyana and Suriname, and offshore Guyana, Suriname and French Guiana. The area has been explored since the 1950's, but only 20 wells have been drilled beyond the nearshore in a basin that extends laterally over 900 kilometres. However, the basin has a proven hydrocarbon system. Onshore Suriname, the Tambaredjo field has approximately 1 billion barrels of 14° API crude oil in place. Adjacent to Tambaredjo is the Calcutta field. Production from the two fields is approximately 16,000 bopd, with primary recovery estimated to be 18%. The oil has been typed to a Cenomanian source in the offshore portion of the basin, and would have migrated over 150 kilometres.

Over the past few years, the majority of the licences have been explored with extensive 2D and 3D seismic. As processing and interpretation of the seismic has been completed, a number of drilling locations have been announced. Murphy announced a dry hole for its first well and completed drilling its second well, however as of the date of this Annual Information Form the results of the second well have not been announced. In March 2011, Tullow Oil plc spudded its Zaedyus prospect offshore French Guiana which is expected to be completed by June 2011. Inpex has commenced drilling its well offshore Suriname and when that well is completed, the Atwood Beacon jack-up drill rig will move to the Jaguar-1 drilling location on the Georgetown PPL. It is anticipated that the Jaguar-1 well will commence in July / August 2011.

Geology

The following discussion is taken from a proprietary report prepared for CGX by IHS Herold and filed on the CGX website www.cgxenergy.com.

> "An emerging trend in oil and gas exploration is the Equatorial Atlantic play, in which analogs are drawn between the northeast coast of South America and offshore West Africa. In the northern part of the South Atlantic, Tullow Oil has been the main proponent of this strategy, with active programs offshore Guyana and French Guiana across the Atlantic from recent discoveries in Ghana and Sierra Leone. Tullow and its partners' Jubilee discovery (estimated by IHS at 1.4 billion boe recoverable) opened up an entirely new deepwater play offshore Ghana.

> Another discovery offshore Sierra Leone, the Venus-B1 well, has de-risked about 30 prospects between Venus and Jubilee to the east, opening up a new exploration play that stretches 1,100 km along the West Africa coast and mirrors the northeast coast of South America.
>
> The trans-Atlantic play is founded on the opening of the southern Atlantic Ocean, which began around the Cretaceous/Jurassic boundary with the rifting of the proto-continent Gondwana. The rift split what is now South America from Africa, and as the rift basin widened, conditions changed from lacustrine to marine, and sea level fluctuations raised and lowered the depth of the continental margin, alternately depositing fine and coarse-grained silts and sands over the shelf and resulting in very thick sedimentary sequences on both sides of the basin, often rich in organic terrestrial material.
>
> Nearshore exploration, especially offshore West Africa, has led some significant hydrocarbon discoveries. In recent years, however, improvements in technology have allowed companies to move into deeper waters. At the edge of the continental shelves of South America and West Africa, paleo-canyons focused sediment into submarine fans and "turbidite" deposits (effectively the leftovers of underwater landslides). These complex deposits often result in channels or lenses of reservoir rock, capped by finer-grained shales and charged by underlying organic-rich rocks. High resolution seismic now allows companies to image these reservoirs.
>
> On the West Africa side, the Jubilee field lies in the Cote d'Ivoire Basin, 84% of which is in deep water. Formed during the separation of South America and Africa, the basin is filled with about 10 km of sedimentary material dating back to the mid Cretaceous. with the main source rocks in the area being Albian-Cenomonian in age. Deep canyons cut in the shelf edge by transgressive and regressive sea level changes funneled sediment into basin deltas and fans, blanketing fault blocks created by the continental pull-apart and creating both structural and stratigraphic traps. IHS estimates that discoveries to date in the basin comprise over 1.8 billion bbls of oil and condensate, and 4.7 Tcf gas.
>
> The Sierra Leone-Liberia Basin, to the northwest and home to the Venus discovery, is not as well explored, but has a similar rifting history and IHS recognizes mid-Cretaceous potential source rocks.
>
> This history compares favorably with the Guyana Basin, where rifting started somewhat earlier in late Jurassic time, however the sedimentary sequence starts with the lower Cretaceous. As with the Cote d'Ivoire Basin, submarine canyons along the shelf edge created delta-like deposits of sediment on the basin floor, with source rocks of Cenomonian age organic-rich shales and marl. Both stratigraphic and structural traps would be expected in such an environment, similar to West Africa deepwater. IHS estimates the Guyana Basin sedimentary sequence is up to 8,000 metres thick."

Cretaceous Turonian and Tertiary Eocene Prospects have been identified and assessed in the Gustavson Report. In addition to its Turonian and Eocene prospects, CGX has identified leads in the Cretaceous Albian level – two of which are on our Corentyne blocks. These leads are postulated to be porous and permeable carbonate targets associated with the early cretaceous shelf edge developed at the time of opening of the Atlantic Ocean with the Gondwana rifting. This Albian carbonate play has been exploited successfully by OGX offshore Brazil in a similar setting as seen in the Guyana basin. Over the past two years OGX has announced discoveries from almost 20 wells at the Albian level for billions of barrels of expected resources. This formation is currently being drilled by Inpex in Suriname, close to the border with Guyana, and their prospect is on trend with the identified leads CGX has identified.

Resource Potential of the Guyana Suriname Basin

In its World Petroleum Assessment 2000 (http://energy.cr.usgs.gov/WEcont/regions/reg6/p6/P6021.pdf), the United States Geological Survey estimated the mean undiscovered resource potential of the Guyana Suriname Basin to be 15.2 billion barrels of oil and 42 trillion cubic feet of gas. Their range of probabilistic estimate reflecting confidence levels of P95, P50 and P5 for oil were 2.8, 13.9 and 32.6 billion barrels respectively, and for gas 7.0, 36.8 and 95.9 trillion cubic feet respectively. The Guyana Suriname Basin was ranked as one the most prospective under-explored basins after Greenland. However, there is no certainty that any portion of the resources will be discovered, and if discovered, that it will be commercially viable.

Corentyne PA

CGX Resources was granted the Corentyne PA on June 24, 1998. Because sovereign issues between Guyana and Suriname prevented unhindered access to a portion of the contract area the original 10-year term of the contract has been extended to June 2013. The Corentyne PA covers approximately 2.97 million acres with the Annex PPL (1.0 million acres) held 100%, and the Corentyne PPL, of which the offshore portion (1.5 million acres) is held 100%, , and the Corentyne Onshore PPL (0.4 million acres) held net 62% by CGX through ON Energy. Annual Rental and Training Fees are $100,000. If a discovery is made, CGX has the right to convert the Discovery Area plus reasonable surrounding acreage to a Production Licence, subtracting this area from the Contract Area. The term of a Production Licence is 20 years, renewable for a further 10 years.

After commercial production begins, the Licensee is allowed to recover all capital and operating costs from "cost oil" which for the first three years is up to 75% of production and thereafter up to 65% of production. The Licensee's share of the remaining production or "profit oil", for the first five years is 50% of the first 40,000 barrels of oil per day and 47% for additional productions; and thereafter 45% in full satisfaction of all income taxes and royalties.

The Petroleum Agreement has been amended four times. On November 30, 2002, the first renewal period of the Petroleum Agreement was granted which included the following renegotiated work commitments:

From - To		Period	Commitment			Status		
			Minimum Work Program	**Relinquish-ment**		**Work Completed**	**Expenditure $ million**	**Relinquish-ment**
Jun-98	Jun-00	Initial Period Phase 1	Regional review, 1,800 km 2D seismic			Regional review 1,800 km 2D seismic	2.1	
Jun-00	Jun-01	Initial Period Phase 2 Year 1	One exploration well			Horseshoe well drilled	9.8	27%
Jun-01	Jun-02	Initial Period Phase 2 Year 2	Interpret well results	20%		Interpretation complete	0.8	
Jun-02	Dec-07	First Renewal Phase 1	Onshore: pilot geochemical program	1%		Onshore: 8,000 geochem samples and 180 km 2D seismic, three wells drilled	13.0	
			Annex: reprocessed 825 km of seismic and interpret 3,300 km			Annex: reprocessed and interpreted materially significant 2D seismic; Corentyne Offshore: PSTM, PSDM	2.2	
						ITLOS Legal Expense	10.0	
Dec-07	Jun-10	First Renewal Phase 2	500 sq km of 3D or 1,500 km of 2D or one exploration well	20%		505 sq km 3D seismic	10.9	20%
Jun-10	Dec-11	Second Renewal Phase 1	One exploration well				4.1	
Dec-11	Jun-13	Second Renewal Phase 2	One exploration well				-	
						Total Expenditures to date	$52.9	

Corentyne PPL

In 1999, CGX Resources shot the first solid-state 2D seismic in the basin, creating far clearer images below 10,000 feet than were available from vintage 2D data. A turbidite fan prospect called Eagle was identified at 13,000 feet. In June 2000, while a jack-up rig was setting up to drill the Eagle prospect, gunboats from Suriname arrived claiming the territory as theirs, forcing the rig off location.

To salvage value from the investment in supplies, including the sunk mobilization and demobilization costs, the jack-up was moved nearer to shore in undisputed waters to drill a low priority Cretaceous stratigraphic trap called Horseshoe. The well was drilled to 13,000 feet in 28 days, but was abandoned as a dry hole. Despite encountering over 6,000 feet of reservoir quality sand, there was no apparent seal to trap hydrocarbons.

Following the ITLOS Maritime Border resolution in September 2007, exploration of the offshore portion of the basin accelerated. During 2008, CGX Resources shot the first 3D seismic program offshore

Guyana covering 505 square kilometres to enhance the interpretation of a large stratigraphic trap in the Cretaceous. The cost of the seismic program was approximately US$8 million.

Processing and interpretation of the 3D program was completed in 2009. To further advance the interpretation, international experts were consulted. Data Modeling Inc (DMI) used proprietary artificial intelligence to solve for acoustic velocity of the rock layers. In addition, CGX engaged Rock Solid Images (RSI) to estimate reservoir properties including lithology, porosity and pore fluid from the seismic data within the identified targets.

As a result of the geophysical and geological collaboration, and comparison to the analogous West African discoveries, the new priority prospects are Upper and Lower Turonian sands at approximately 5,600 metres. These primary prospects are overlain by leads in the Campanian and the Maastrichtian horizons as well as an additional prospect in the Eocene (Eagle). The proposed well location is 5.6 kilometres south of the target chosen using 2D in June 2000, and is 12.6 kilometres inside Guyana's Maritime Boundary with Suriname.

JRD continues to market the opportunity for a joint venture partner(s) to earn a promoted interest in the Corentyne PPL by drilling an exploration well. The preference is to drill this well deep to test a Turonian prospect adjacent to the Jaguar prospect on the Georgetown PPL, with potential higher uphole in the Campanian, Maastrichtian and Eocene. The revised cost estimate for Eagle Deep has increased to US$90 to US$100 million from US$70 million due to additional costs in a "post-Macondo" environment. However the minimum, work commitment can be fulfilled by drilling a shallow well to test the Eagle Eocene prospect to approximately 3,500 metres. The current cost estimate to drill the Eagle-1 well to 3,500 metres is US$40 million, an increase of US$10 million from initial cost estimates. CGX has provided a performance guarantee in the amount of US$3.4 million to the GGMC with respect to the drilling of the Eagle-1 well. The Strategic Environmental Assessment has been approved by the Government.

Annex PPL

The Corentyne PA was amended on January 17, 2001, wherein a portion of the PA was relinquished in advance and substituted by the Annex PPL, comprising an area of 982,362 acres. 3,300 kilometres of 2D seismic were acquired from Veba and interpreted and 204 kilometres of the Veba data was reprocessed, satisfying the minimum work program. A large toe-thrust feature was identified as a lead that may justify further work if adjacent exploration is successful. The term of the Annex PPL has been extended to September 25, 2013.

Corentyne Onshore PPL

In September 2003, CGX created a wholly-owned subsidiary company, ON Energy, registered in Guyana to hold the 415,000 acre Corentyne Onshore PPL, and the 387,000 acre Berbice PPL, collectively the Berbice Block. Following two private placements within ON Energy raising a total of $9.1 million in which CGX invested $4.6 million, CGX's interest was reduced to 62% in ON Energy. In 2003, ON Energy completed a very large geochemical survey and reinterpreted existing aeromagnetic data that covered the Berbice Block and surrounding region. A labour intensive 2D seismic survey was conducted, employing up to 250 local personnel. Drilling commenced in May 2005, resulting in three dry and abandoned wells. All activities took longer than anticipated and costs were significantly higher than budgeted. A third-party review concluded that the most attractive exploration fairway on the Berbice Block exists further inland, with a potential trap being formed against the rising basement rock. ON Energy is attempting to farm future exploration obligations to a third party.

Georgetown PA

Maxus Guyana was granted the Georgetown PA on November 25, 1997. Because sovereign issues between Guyana and Suriname prevented unhindered access to a portion of the contract area, following the ITLOS decision in September 2007 that preserved 100% of the Georgetown PA, the original 10-year term of the contract was extended to November 2012. The Georgetown PA currently covers 1.7 million acres.

In 1999, 1,700 kilometres of solid-state 2D seismic was shot in conjunction with the program being shot on the Corentyne PPL. In March 2000, AGIP Guyana B.V. acquired a 25% interest in the PA. Exploration was subsequently suspended in 2000 as a significant portion of the PA was also in the area of overlapping border claims between Guyana and Suriname.

In June 2002, CGX purchased a 25% participating interest from AGIP Guyana, B.V. for $0.1 million and $1.1 million at the spud of the first well on the PA that targets one of the Tertiary turbidite prospects previously identified by ENI in which CGX Resources participates. The Operator of the Georgetown PA is Repsol Exploracion SA (15%), with partners YPF Guyana (30%) and Tullow Guyana (30%). Confidentiality agreements amongst the partners limit the detail that can be released with respect to contract terms however they are similar to those for the Corentyne PA.

During 2008/2009, 1,839 square kilometres of 3D seismic were shot in conjunction with CGX Resources' program on the Corentyne PPL. CGX Resources' share of acquisition and processing was approximately US$8 million. A drill location has been chosen for the Jaguar-1 exploration well to fulfill the minimum work commitment in the Second Renewal Period during the second half of 2011.

Effective November 25, 2009, the parties to the Georgetown PPL, committed to the second renewal period which provides for an exploration well to be drilled by May 24, 2011. Due to delays in the four-well drilling consortium, Repsol as operator of the Georgetown PPL, has made application to the GGMC for an extension on the drilling date. The revised cost estimate for the Jaguar-1 well has increased significantly from the initial estimate of US$80 million due to additional costs in a "post-Macondo" environment. CGX Resources' 25% share of the revised cost estimate is expected to be between US$30 million and US$40 million. CGX has provided a performance guarantee in the amount of US$2 million to the GGMC with respect to the drilling of the Jaguar-1 well.

The Petroleum Agreement has been amended four times. On May 3, 2008 the first renewal period of the Petroleum Agreement was granted which included the following renegotiated work commitments:

From - To		Period	Commitment			Status		
			Minimum Work Program	Relinquish-ment		Work Completed	Expenditure $ million (1)	Relinquish-ment
Nov-97	Nov-00	**Initial Period Phase 1**	Reprocess 2,000 km of seismic; shoot 1,250 km 2D	10%		1,700 km 2D seismic	-	10%
Nov-00	Nov-05	**Initial Period Phase 2**	One exploration well			Deemed complete	0.5	
Nov-05	Nov-09	**First Renewal**	1,000 km PSTM; 700 km PSDM; Biostrat; AVO and Maturity / Expulsion model; 1,000 sq km 3D	30%		Interpretation and modeling complete; shot 1,839 sq km 3D	8.9	30%
Nov-09	May-11	**Second Renewal Phase 1**	One exploration well				2.9	
May-11	Nov-12	**Second Renewal Phase 2**	To be negotiated				-	
						Total Expenditures to date	$12.4	

Note:
(1) Expenditures shown represent CGX Resources' share of costs related to its 25% working interest.

Pomeroon PA

Century was granted the Pomeroon PA on November 19, 1997. The PA currently covers approximately 2.8 million acres and is located between CGX Resources' 100%-owned Annex PPL, and the Plataforma Deltana, which is offshore Venezuela. Like many maritime boundaries in the world, the border between Venezuela and Guyana is not resolved. It is further complicated by a land border claim by Venezuela that is being pursued at the diplomatic level, and through the United Nations Good Officer process.

CGX Resources purchased Century's interest in July 2004 for $0.1 million plus the issuance of 2,000,000 common shares of the Corporation. CGX Resources also assigned to Century an overriding royalty interest consisting of 2.5% of all revenues to the extent that the revenues are directly attributable to the contractor's share of Profit Oil.

All minimum work commitments up to the end of the Initial Period were deemed to be completed, and substantially all the seismic reprocessing required under the First Renewal Phase 1 was completed. Under the First Renewal Phase 2, the minimum work program is to complete either 100 square kilometres of 3D seismic or 500 kilometres of 2D seismic or drill an exploration well. The table below sets out the work commitments for the Pomeroon PA.

The Pomeroon PA has been amended twice. Pending a border resolution, exploration activity that would have required physical presence on the licence to fulfill the terms of the minimum work program have been deemed complete. Application has been made to extend the term of the Pomeroon PA to November 2013.

From - To		**Period**	**Commitment**			**Status**		
			Minimum Work Program	Relinquish-ment		Work Completed	Expenditure $ million	Relinquish-ment
Nov-97	Nov-00	**Initial Period Phase 1**	One exploration well				-	52%
Nov-00	Nov-03	**Initial Period Phase 2**	One exploration well or detailed seismic survey or drill two exploration wells onshore	20%		All work commitments to end of Initial Period deemed complete	-	
Nov-03	May-05	**First Renewal Phase 1**	Reprocess 330 km seismic; reinterpret region	10%		Complete	0.3	
May-05	Nov-10	**First Renewal Phase 2**	100 sq km 3D seismic or 500 km 2D seismic or one exploration well	20%		Pending border resolution	-	
Nov-10	May-11	**Second Renewal Phase 1**	One exploration well				-	
May-11	Nov-13	**Second Renewal Phase 2**	One exploration well				-	
						Total Expenditure to date	$0.3	

Berbice PA

CGX applied to the government of Guyana for the Berbice PA of approximately 387,000 acre adjacent to the Corentyne Onshore PPL, which was granted in October 2003 and has been registered directly to ON ("Berbice PA"). By completing aeromag re-interpretation, a geochemical sampling program and a 2D seismic program, the minimum work obligations were fulfilled in the Initial Period.

Effective October 2007, the Licence was extended three additional years into the first renewal period. Negotiations are underway to replace the three well commitment in the Initial Renewal Period with an airborne geotechnical survey at a cost of less than $1 million. If approved and the results are encouraging, application would be made to enter the Second Renewal Period with a minimum work program to be negotiated. ON is attempting to farm out the minimum work commitments to a third party.

		Period	Commitment			Status		
From - To			Minimum Work Program	Relinquish-ment		Work Completed	Expenditure $ million *	Relinquish-ment
Oct-03	Oct-04	**Initial Period Phase 1 Year 1**	Study and interpret geochemical and geophysical data and commence a new geochemical survey	N/A		Completed	-	
Oct-04	Oct-05	**Initial Period Phase 1 Year 2**	Analyze new geochem and either acquire more geochem or conduct a gravity survey or drill one exploration well	N/A		Completed	-	
Oct-05	Oct-07	**Initial Period Phase 2**	Analyze prior data and either acquire new seismic data or drill one exploration well	25%		Three wells drilled on adjoining Corentyne Onshore PPL	-	
Oct-07	Oct-10	**First Renewal**	Drill three wells			Under negotiation	-	
Oct-10	Oct-13	**First Renewal**	Under negotiation					
						Total Expenditures to date	$-	
* Expenditures for the Berbice PA are included in the Corentyne PA table on page 14.								

Specialized Skill and Knowledge

CGX's senior executives have extensive oil and gas experience. In particular, the President and Chief Executive Officer of CGX, Kerry Sully, has over 40 years of industry experience. Prior to joining CGX in 1998, Mr. Sully who holds a B.Sc. in Chemical Engineering from the University of Saskatchewan was President and Chief Executive Officer of Ranchmen's Resources Inc., a TSX listed company that produced 17,000 boe/day at the time of its takeover by Crestar Resources. Warren Workman, Vice President of Exploration, who has also been with the Corporation since 1998, has over 35 years of oil and gas experience, gained both domestically and internationally at Amoco, Unocal and Ranchmen's Resources. Mr. Workman's knowledge of the geology and his analysis of the Guyana Suriname Basin has been instrumental in identifying the deeper exploration targets that are now being focused on by the companies involved in exploration in the Basin. Dr. Edris Dookie, co-founder of CGX, is Guyanese and his extensive network of contacts has been instrumental for the Corporation. Dr. Dookie holds a Ph.D. from McGill University. James Fairbairn, Chief Financial Officer and Secretary, has a B.A. from the University of Western Ontario, and a C.A. from the Institute of Chartered Accountants of Ontario and has recently obtained his ICD.D. Mr. Fairbairn has over 20 years experience with publicly-traded companies and has been involved with CGX since 1998. John Clarke, Vice President, Business Development of CGX, has over 35 years of oil and gas industry experience and has a broad capital markets background, including five years as Executive Vice President, Corporate with Candax Energy Inc., a TSX listed company, and over eight years as a Vice President and Senior Oil & Gas Analyst with Deutsche Bank and Octagon Capital Corporation. Mr. Clarke was ranked as the top North American Oil & Gas analyst in 2003 and 2004 by Forbes/Starmine.

In addition to the extensive experience of the senior executives of CGX, the Corporation has engaged top service and oil and gas consulting firms for the acquisition of 3D seismic, data interpretation and drilling consultants. CGX Resources' 2,344 square kilometre seismic acquisition (505 square kilometres on the Corentyne PPL and 1,839 square kilometres on the Georgetown PPL) was undertaken by Fugro, utilizing solid state streamer technology. Specialists in each aspect of the data interpretation were also engaged including: CGG Veritas (Corentyne PSDM and PSTM); PGS (Georgetown PSTM); Data Modelling Inc. (Georgetown PSDM); Rock Solid Images (AVO amplitude, velocity and inversion analysis); FFA (Georgetown attributes); and GMI (pore pressure prediction and wellbore stability). For the drilling of its Eagle-1 well, Black Gold, a company that has drilled over 140 wells in the past seven years and has specific expertise to high pressure, high temperature wells, has designed the drilling program for both the shallow Eocene target and the deep Turonian target.

Competitive Conditions

CGX enjoys a competitive advantage in Guyana due to its strong network of business contacts that have been developed over the numerous years that CGX Resources has been involved in exploration in Guyana and also due to CGX having supported Guyana in its maritime dispute with neighbouring Suriname. The regional operating knowledge held by the senior management team of CGX also provides an advantage.

Environmental Protection

For a discussion of the effects of environmental protection requirements on CGX, please refer to "Risk Factors" under the heading "Environmental Regulation".

Land Holdings

The following table summarizes the gross and net acres of properties in which CGX Resources has an interest and the number of net acres for which the rights of CGX Resources to explore, develop and exploit will, absent further action, expire within one year.

	Gross Acres	**Net Acres**	**Net Acres Expiring Within One Year**
Annex PPL	982,362	982,362	-
Corentyne PPL	1,537,098	1,537,098	-
Corentyne Onshore PPL	426,998	264,739	-
Georgetown PPL	1,737,678	434,419	-
Pomeroon PPL	2,777,556	2,777,556	-
Berbice PPL	386,967	239,920	59,980
	7,848,659	6,236,094	59,980

Offices and Employees

The head office of CGX is located in Toronto, Ontario. It also has an administrative and operations office in Georgetown, Guyana. The following table sets out the number of employees and consultants of CGX by geographic location at the most recently completed financial year.

Location	**Canada**	**Guyana**
Number of Employees	0	28
Number of Consultants	5	2
Total	5	30

OTHER OIL AND GAS INFORMATION

Abandonment and Reclamation Costs

The Corporation has no commercial reserves or production and as such no abandonment or reclamation costs currently exist.

Acquisition, Exploration and Developments Costs Incurred

The following table sets out the property acquisition, exploration and development costs of CGX for the fiscal year ended December 31, 2010.

	Property Acquisition Costs		**Exploration Costs**	**Development Costs**
	Proved	Unproved		
Annex PPL	-	-	-	-
Corentyne PPL	-	100,000	4,000,000	-
Corentyne Onshore PPL	-	-	-	-
Georgetown PPL	-	25,000	2,890,000	-
Pomeroon PPL	-	50,000	-	-
Berbice PPL	-	-	-	-
Total	-	175,000	$6,890,000	-

Capital Expenditures (Net)

The following table sets forth capital expenditures related to the Corporation's activities for the year ended December 31, 2010.

	Year Ended December 31, 2010
Property acquisition costs	
Proved properties	-
Undeveloped properties	175,000
Exploration costs	6,890,000
Development costs	-
Dispositions	-
Total	7,065,000

Exploration and Development Drilling Activity

The Corporation did not drill any exploration or development wells in 2010.

Forward Contracts and Financial Instruments

The Corporation has no oil and gas reserves or production and as such no sales contracts have been negotiated or exist.

Future Commitments

Under the Corentyne PA, CGX Resources is committed to drill an exploration well prior to December 24, 2011, which if drilled to 3,500 metres is estimated to cost US$40 million.

Effective November 25, 2009, the parties to the Georgetown PPL, committed to the second renewal period which provides for an exploration well to be drilled by May 24, 2011. Due to delays in the four-well drilling consortium, Repsol as operator of the Georgetown PPL, has made application to the GGMC for an extension on the drilling date. CGX Resources' 25% share of the exploration costs is expected to be between $30 million and $40 million.

On the Pomeroon PPL, CGX Resources has a minimum work program of one well in 2011 which is expected to be waived and deemed complete pending confirmation of the Guyana Venezuela maritime border.

On the Berbice PPL, ON Energy's minimum work program in 2011 is under negotiation with the GGMC to be replaced with an airborne geophysical survey at a cost of less than US$1 million.

Production and Revenue Summary

During the fiscal year ended December 31, 2010, the Corporation had no production or revenue from its participating interests. See "Statement of Resource Data and Other Oil and Gas information".

Properties, Plants, Facilities and Installations

The exploration properties of CGX are located in Guyana, where no oil and gas infrastructure to produce, lift, transport or sell oil and gas exists. In 2010, CGX formed a wholly-owned subsidiary, GCIE Holdings, which leased 55 acres at the mouth of the Berbice River in Guyana to construct a wharf and logistics facility to be called Grand Canal Industrial Estates to support the offshore exploration activities in the Guyana Suriname basin. CGX is pursuing external sources of capital to develop the staging facility and logistics yard, however $2.1 million has been advanced by CGX as of the date of this Annual Information Form in preliminary work.

Production Estimates

The Corporation has no reserves or producing assets as at December 31, 2010.

INFORMATION RELATING TO RESOURCE DATA

Resource Estimate

A Resource Evaluation Report on three prospects on the Corentyne PPL has been prepared by Gustavson on behalf of CGX and is effective and prepared as of April 15, 2011. Gustavson prepared the "Gustavson Report", which evaluates the prospective resources attributable to the Corentyne PPL. The resource estimate in this Annual Information Form has not changed from the resource estimate provided by Gustavson in their report dated March 3, 2010, as no new material data has been acquired since the last report.

The resource estimate in the Gustavson Report was prepared and is in accordance with the requirements of NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity, which information management believes is important to readers of this Annual Information Form. Readers wishing more detailed information on the resource estimate are encouraged to visit the Corporation's website (www.cgxenergy.com) where the Gustavson Report is filed.

Certain information set out below is summarized from the Gustavson Report. Capitalized terms related to resource classifications used in this Annual Information Form are based on the definitions and guidelines in the Canadian Oil and Gas Evaluation Handbook ("COGEH"). No commercial discoveries have been made in the offshore Guyana basin and hence no reserves have been found. Historic well data, regional geology and 2D seismic plus the new 3D seismic were reviewed by Gustavson to prepare a probabilistic resource estimate for that portion of the "Prospects" lying entirely within the Corentyne PPL, as shown on the table below.

	Prospective Oil Resource Millions of Barrels		
Prospect	**Low Estimate**	**Best Estimate**	**High Estimate**
Eagle Lower Turonian	187	1,269	3,340
Eagle Upper Turonian	144	1,241	3,949
Eagle Tertiary	67	315	693
Sum of Prospects	**398**	**2,825**	**7,982**

As specified in the COGEH, the Sums of Prospects are arithmetic sums, and as such do not represent the same probability levels as the estimates for the individual prospects.

Prospective Resources are those quantities of oil and gas estimated to be potentially recoverable from undiscovered accumulations. If discovered, they would be technically and economically viable to recover. However, there is no certainty that the Prospective Resources will be discovered. In addition, the following mutually exclusive Classification of Resources were used:

Low Estimate - This is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation. This term reflects a P90 confidence level where there is a 90% chance that a successful discovery will be more than this resource estimate.

Best Estimate - This is considered to be the best estimate of the quantity that will actually be recovered from the accumulation. This term is a measure of central tendency of the uncertainty distribution and in this case reflects a 50% confidence level where the successful discovery will have a 50% chance of being more than this resource estimate.

High Estimate - This is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation. This term reflects a P10 confidence level where there is a 10% chance that the successful discovery will be more than this resource estimate.

Note that these distributions do not include consideration of the probability of success of discovering and producing commercial quantities of oil, but rather represent the likely distribution of the oil deposits, if discovered.

Unproven Reserves

CGX Resources has committed to drill an exploration well, Eagle-1, to a total depth of 3,500 metres in a water depth of 80 metres (260 feet) to test the Eocene target at a cost of approximately US$40 million to satisfy its exploration commitments. However, subject to the JRD joint venture process and/or the results of the Jaguar-1 well, CGX Resources may amend the depth of its Eagle-1 well to 6,500 metres (21,325 feet) to test four prospective intervals – Eagle Eocene prospect; Upper Turnonian prospect; Lower Turonian prospect; and also a Campanian lead. In the case of a significant discovery, there are a number of factors that could result in delayed or cancelled drilling and development, including the following:

- changing economic conditions (due to pricing, operating and capital expenditure fluctuations)
- changing technical conditions (production anomalies, such as water breakthrough)
- multi-zone developments (for example, a prospective formation completion may be delayed until the initial completion is no longer economic);
- a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization;
- access issues (including dealings with landowners, unfavourable weather conditions and obtaining regulatory approvals); and
- availability of drilling rigs, work crews, equipment and materials

Significant Factors or Uncertainties

The Corporation does not anticipate any significant economic factors or uncertainties that will affect any particular component of the resource data. However, the prospective resources can be affected significantly by fluctuations in product pricing, capital expenditures, access to facilities for processing and transportation, operating costs, royalty regimes and well performance that are beyond the Corporation's control (see "Risk Factors").

Future Development Costs

The Gustavson Report does not estimate future development costs.

Properties with No Attributable Resources

The Corporation has not obtained an independent assessment of resources on its Annex PPL, Berbice PPL, Corentyne Onshore PPL, Georgetown PPL or Pomeroon PPL. The Gustavon Report has only been completed on the Corporation's Corentyne PPL.

Additional Information Concerning Abandonment and Reclamation Costs

The Gustavson Report does not estimate future abandonment and reclamation costs.

RISK FACTORS

Overview

The business of the Corporation consists of oil and gas exploration in Guyana, South America. There are a number of inherent risks associated with oil and gas exploration and development, particularly where such operations are located in foreign countries. Many of these risks are beyond the control of the Corporation.

CGX Management has prioritized the risk factors. Readers are cautioned that this categorization is a subjective view of Management and the categorization of these risk factors could change subject to future events.

Negative Operating Cash Flow

The Corporation had negative operating cash flow for its financial years ended December 31, 2010 and 2009. To the extent that the Corporation has negative cash flow in future periods, the Corporation may need to deploy a portion of its cash reserves to fund such negative cash flow.

Additional Requirements for Capital

The fulfillment of exploration commitments and development of any reserves found on the properties of the Corporation may depend upon the ability of the Corporation to obtain financing through any or all of the following: joint venturing of projects, debt financing, equity financing or other means. There is no assurance that the Corporation will be successful in obtaining the required financing. The location of the oil and gas properties of the Corporation may make it more difficult to obtain such financing. Failure to obtain additional financing on a timely basis could cause the Corporation to forfeit its interest in such properties and reduce or terminate its operations.

Market for Securities of the Corporation

In recent years, global securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in share price, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in share price will not occur. It is likely that the quoted market price, if any, for the securities of the Corporation will be subject to market trends generally, notwithstanding the financial and operational performance of the Corporation.

Finance Risks and Recent Distress in Financial Markets

In the future, the Corporation may require debt financing to grow its business. The recent distress affecting the financial markets and the possibility that financial institutions may consolidate or go bankrupt has reduced levels of activity in the credit markets. This could diminish the amount of financing available to companies. These financial conditions may affect other companies' abilities to meet their obligations to the Corporation. In addition, such turmoil in the financial markets could significantly increase the Corporation's costs associated with borrowing. The Corporation's liquidity and its ability to access the credit or capital markets may also be adversely affected by changes in the financial markets and the global economy. Continuing turmoil in the financial markets could make it more difficult for the Corporation to access capital, sell assets, refinance existing indebtedness, enter into agreements for new indebtedness or obtain funding through the issuance of securities. In addition, there could be a number of follow-on effects from the credit crisis on the Corporation, including insolvency of customers, key suppliers and other counterparties to the Corporation and foreign exchange derivative instruments. Banks have been adversely affected by the worldwide economic crisis and have severely curtailed existing liquidity lines, increased pricing and introduced new and tighter borrowing restrictions to corporate borrowers, with extremely limited access to new facilities or for new borrowers. These factors could negatively impact the Corporation's ability to access liquidity needed for the Corporation's business in the longer term.

Global Economic Downturn

In the event of a continued general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of the Corporation would not be materially adversely affected. Current global financial conditions have been subject to increased volatility and numerous commercial and financial enterprises have either gone into bankruptcy or creditor protection or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets, massive investment losses by banks with resultant recapitalization efforts and a deterioration in the global economy. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

These factors may impact the Corporation's ability to obtain equity, debt or bank financing on terms commercially reasonable to the Corporation, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If these increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the Corporation's securities could continue to be adversely affected.

Industry Conditions

The marketability and price of oil and natural gas which may be acquired or discovered by CGX will be affected by numerous factors beyond the control of CGX. The ability of CGX to market its oil and natural gas discovered may depend upon its ability to access third party transportation, processing facilities and acquiring space on pipelines which deliver oil and natural gas to commercial markets. CGX is also subject to market fluctuations in the prices of petroleum, uncertainties related to the delivery and proximity of its reserves to pipelines and processing facilities, operational problems with such pipelines and facilities and extensive government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of petroleum and many other aspects of the petroleum business.

The petroleum industry is subject to varying environmental regulations in each of the jurisdictions in which CGX may operate. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with petroleum and can impact on the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures. CGX may be responsible for abandonment and site restoration costs.

Infrastructure development in Guyana where the Corporation operates is limited. These factors may affect the Corporation's ability to explore and develop its properties in a timely manner and to store and transport its petroleum production if reserves are located.

Exploration, Development and Production Risks

A significant portion of the current working capital of CGX will be expended on petroleum and natural gas exploration activities, which are high-risk ventures with uncertain prospects for success. Oil and gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration activities by the Corporation will result in new discoveries of oil, condensate or natural gas that are commercially viable or economically producible. Holders of securities of the Corporation must rely on the ability, expertise, judgment, discretion, integrity and good faith of management of the Corporation. It is difficult to project the costs of implementing any exploratory or developmental drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones, tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. Few exploration prospects ultimately result in the development of new reserves. In certain instances the Corporation may be precluded from pursuing an exploration program or decide not to continue with an exploration program and such an occurrence may have a negative effect on the value of the securities of the Corporation.

Future exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include: delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximize production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

CGX manages a variety of projects to support operations and future growth. Significant project cost overruns could make certain projects uneconomic. The ability of CGX to execute projects depends upon numerous factors, which may include, but are not limited to, changes in project scope, labour availability and productivity, staff resourcing, availability and cost of material and services, design and/or construction errors, delays in regulatory approvals, the ability of partners to deliver on project commitments and access to capital funding. As a result, CGX may not be able to execute projects on time, on budget or at all.

Operating Hazards

The operations conducted by the Corporation are subject to all of the operating risks normally associated with drilling for and producing oil and natural gas. The majority of the properties of the Corporation are located offshore. Exploration, production and development of offshore oil and natural gas properties involves an increased degree of risk and expense relative to onshore exploration, production and development due primarily to greater technical obstacles. The Corporation will therefore face higher costs in exploring, developing and producing its offshore properties.

There are risks associated with the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, well bore craters, sour gas releases, fires and spills. Reduced revenues or losses resulting from the occurrence of any of these risks could have a material adverse effect on the Corporation and its future results of operations. The Corporation may become subject to liability for pollution, blow-outs or other hazards. The Corporation will have insurance with respect to these hazards; however, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to the Corporation or could in an extreme case, result in a total loss of its properties and assets. Moreover, there can be no assurance that the Corporation will be able to maintain adequate insurance in the future at rates that are considered reasonable.

The Corporation may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines, which it uses for production of its oil and gas reserves. Abandonment and reclamation of its current facilities and the costs associated therewith is often referred to as "decommissioning". As there is no current production or production facilities, there are no current plans to establish a reserve account for these potential costs.

No Assurance of Commerciality of Future Discoveries

There is no assurance that oil or natural gas if discovered will be capable of production in sufficient quantities to make future discoveries commercially viable or economic for the Corporation. The long-term viability of the Corporation depends on its ability to find or acquire, develop and commercially produce oil, condensate and gas resources.

Petroleum and Natural Gas Reserves

The Corporation currently has no oil and gas reserves. Should exploration be successful, evaluations of future net revenues are before consideration of indirect costs such as administrative overhead, other miscellaneous expenses and income taxes. The future net revenues may not be representative of the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of proved and probable reserves, including many factors beyond the control of the Corporation.

In general, estimates of economically recoverable petroleum and natural gas resources and the future net revenues there from are based upon a number of variable factors and assumptions, such as global commodity prices, the assumed effects of regulation by governmental agencies and future operating costs, each of which may vary considerably from actual results and in the Corporation's case there is no historical production from which to draw estimates. Estimates of the economically recoverable petroleum and natural gas resources attributable to any particular group of properties, classification of such resources based on risk of recovery and estimates of future net revenues expected there from, prepared by different engineers or by the same engineers at different times, may vary substantially. The resource estimates included herein may be materially different from the quantities and values ultimately realized.

Fluctuation of Commodity Prices

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Corporation. Crude oil is influenced by the world economy and OPEC's ability to adjust supply to world demand. Political events can trigger large fluctuations in oil price levels. Natural gas prices are influenced by regional factors and local market supply/demand and pricing conditions.

World prices for oil and natural gas have fluctuated widely in recent years. Future price fluctuations in world prices are expected and may have a significant impact upon the projected return from its prospective resources and the general financial viability of the Corporation.

The oil and natural gas prices that may be realized by the Corporation can be affected by factors such as supply and demand, oil quality and transportation adjustments. The Corporation expects to market its oil and natural gas production in a manner consistent with best industry practices.

Legal Systems

The jurisdiction in which the Corporation operates may have less developed legal systems than more established economies, which may result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters; in certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured. As a result of the limited infrastructure present in Guyana, land titles systems are not developed to the extent found in many more developed nations. Although the Corporation believes that it has good title to its oil and gas properties, there is little it can do to control this risk.

Environmental Regulation

The current and future operations of the Corporation that are conducted in Guyana are subject to environmental regulations promulgated by the Cooperative Republic of Guyana. Should the Corporation initiate operations in other countries, such operations will be subject to environmental legislation in such jurisdictions. Current environmental legislation in Guyana provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The existing operations of the Corporation are subject to such environmental policies and legislation. Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards and enforcement and in more stringent fines and penalties non-compliance. Environmental assessments of existing and proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditures, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations. There can be no assurance that these environmental costs or effects will not have a material adverse effect on the future financial condition or results of the operations of the Corporation.

Political Risks

The Corporation’s foreign investments involve risks typically associated with investments in developing countries such as uncertain political, economic, legal and tax environments. These risks may include, among other things, currency restrictions and exchange rate fluctuations, loss of revenue, property and equipment as a result of hazards such as expropriation, nationalization, war, insurrection and other political risks, risks of increases in taxes and governmental royalties, renegotiation of contracts with governmental entities and quasi-governmental agencies, changes in laws and policies governing operations of foreign-based companies and other uncertainties arising out of foreign government sovereignty over the Corporation’s international operations.

The Corporation operates in Guyana, which is a still maturing emerging economy with associated risk factors. The Corporation’s operations and related assets are not free of risk of actions by governmental authorities, though attenuated by Guyana’s membership of CARICOM (the Caribbean Community). The Corporation conducts its business and financial affairs to protect against political, legal, regulatory and economic risks applicable to its operations; however, there can be no assurance that the Corporation will be successful in protecting itself from the impact of all these risks.

The boundaries of some land and maritime areas (though in Guyana’s occupation) have not been fully resolved with the neighbouring countries Suriname and Venezuela. However Guyana’s maritime boundary with Suriname in its Territorial Sea and Exclusive Economic Zone was resolved through binding arbitration under the UNCLOS. Guyana’s border resolution with Venezuela is being conducted through a United Nations Good Offices Process. These discussions have been on-going for many years; however, significant hydrocarbon discoveries offshore Venezuela in the Deltana Platform may provide the incentive for both governments to resolve the discussions.

As an extension of the political risks, the Corporation is also subject to the laws of Guyana. Such legislation may be changed from time to time in response to economic or political conditions, and the implementation of new legislation or modification of existing legislation affecting the oil and gas industry could have a material adverse impact on the business, results of operations, financial condition and liquidity.

Competition

A number of other oil and gas companies operate and are allowed to bid for exploration and production licenses and other services in Guyana which are the focus of the business and operations of the Corporation, thereby providing competition to the Corporation. Larger companies, may have access to greater resources than the Corporation, may be more successful in the recruitment and retention of qualified employees, which may give such companies a competitive advantage over the Corporation. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Insurance

The involvement of the Corporation in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although prior to drilling the Corporation will obtain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Attraction and Retention of Key Personnel Including Directors

The Corporation has a small management team and the loss of a key individual or inability to attract suitably qualified staff or directors could have a material adverse impact on the business of the Corporation. The Corporation may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which the Corporation conducts business. The success of the Corporation depends on the ability of management to interpret market and geological data correctly and to interpret and respond to economic, market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further no assurance can be given that the investment strategies of the Corporation will be successfully implemented in the future, that individuals with the required skills will continue their association or employment with the Corporation or that replacement personnel with comparable skills can be found. The Corporation has sought to and will continue to ensure that directors and any key employees are provided with appropriate incentives, however, their services cannot be guaranteed.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

Enforcement of Civil Liabilities

All of the Corporation's assets are located outside of Canada and it may be difficult or impossible to enforce judgments granted by a Canadian court against its assets, subsidiaries or directors and officers which are resident outside of Canada.

Foreign Currency Exchange Rates

If a discovery is made and reserves are produced, the producers will likely sell oil production pursuant to marketing agreements that are denominated in US dollars. Many of the operational and other expenses incurred by the Corporation are paid in Canadian dollars or in local currency of Guyana where operations are performed. The assets and liabilities of the Corporation are recorded in US dollars. As a result, fluctuations in currency exchange rates could result in unanticipated and material fluctuations in the financial results of the Corporation.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

Reserve Replacement

As the Corporation has no booked reserves, any future oil and natural gas reserves, production, and cash flows to be derived therefrom are dependent on the Corporation successfully acquiring or discovering reserves. Any future reserves will depend not only on the ability of the Corporation to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the future exploration and development efforts of the Corporation will result in the discovery and development of commercial accumulations of oil and natural gas. Should the Corporation not discover reserves, current operations may not be sustainable.

Reliance on Strategic Relationships

The Corporation's existing business relies on strategic relationships in the form of joint ventures and agreements with other oil and gas companies, local government bodies, and other industry companies. There can be no assurances that these strategic relationships will continue to be maintained.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and principal shareholders of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers and principal shareholders may be or become engaged in other oil and gas interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (Ontario). The directors and officers of the Corporation may not devote their time on a full-time basis to the affairs of the Corporation.

Hedging

If and when the Corporation has reserves and production, it may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses through adverse fluctuations in exchange rate.

Requirement for Permits and Licenses

The operations of the Corporation require licenses, permits and in some cases renewals of existing licenses and permits from the Cooperative Republic of Guyana. The Corporation believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that it is complying in all material respects with the terms of such licenses and permits. However, the ability of the Corporation to obtain, sustain or renew such licenses and permits on acceptable terms is subject to change in regulations and policies and to the discretion of the applicable governments.

Third Party Credit Risk

The Corporation is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners or petroleum and natural gas marketers and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures could have a materially adverse effect on the Corporation. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

Absence of Dividends

The Corporation has not paid any dividends on its outstanding Common Shares to date, nor does management intend to pay dividends in the foreseeable future.

Title Issues

The Corporation has investigated the rights to explore the various oil and gas properties it holds or proposes to participate in and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and development authorizations and that such exploration and development authorizations will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for will be granted or renewed on terms satisfactory to the Corporation. There can be no assurance that claims by third parties against the properties of the Corporation will not be asserted at a future date.

Independent Contractors

The Corporation’s success also depends to a significant extent on the performance and continued service of independent contractors. The Corporation contracts the services of professional drillers, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Corporation and its business and results of operations and could result in failure to meet business objectives.

DIVIDEND RECORD AND POLICY

CGX has not paid any dividends on its shares since incorporation and does not intend to pay dividends in the foreseeable future. The future payment of dividends will be dependent upon the financial requirements of CGX to fund future growth, the financial condition of CGX including the status of its outstanding debt instruments and other factors which the directors of CGX may consider appropriate in the circumstances.

DESCRIPTION OF SHARE CAPITAL

CGX is authorized to issue an unlimited number of common shares. As at May 31, 2011, CGX has a total of 193,628,663 Common Shares issued and outstanding. The holders of Common Shares are entitled to receive notice of, to attend and vote at any meetings of the shareholders of CGX, to receive dividends declared by the Board of Directors of CGX and to receive the remaining property of CGX on dissolution after the claims of creditors have been satisfied.

CGX has reserved 11,095,000 Common Shares for issuance upon the exercise of outstanding stock options as of May 31, 2011 resulting in 204,723,663 shares outstanding on a fully-diluted basis.

PRIOR SALES

The table below outlines all issuances of Common Shares and securities that are convertible in Common Shares for the year ended December 31, 2010 to the date of this AIF.

Date of Issuance	Securities Issued	Issue Price ($)	Reason for Issuance
January 29, 2010	485,000 Common Shares	US 0.65	Exercise of options
February 23, 2010	50,000 Common Shares	US 0.70	Exercise of options
February 28, 2010	200,000 Options	C 1.80	Grant of options
March 22, 2010	6,250 Common Shares	US 0.70	Exercise of options
August 17, 2010	40,000,000 Common Shares	C 0.50	Short form prospectus offering
October 19, 2010	2,200,000 Options	C 1.11	Grant of options
December 14, 2010	25,587,500 Common Shares	C 0.90	Short form prospectus offering
April 20, 2011	200,000 Common Shares	US 0.365	Exercise of options
May 17, 2011	750,000 Options	C 0.63	Grant of options

ESCROWED SECURITIES

No securities of the Corporation are subject to escrow.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the Toronto Venture Exchange (TSXV) under the trading symbol "OYL".

Trading Price and Volume

The following table sets out the price range and trading volumes of the Common Shares on the TSXV during the most recently completed financial year of CGX and for the three year period subsequent thereto up to the date of this Annual Information Form.

		Price Range		
		High	**Low**	**Volume**
2011	May *	0.80	0.57	6,356,960
	April	1.02	0.73	8,554,361
	March	1.05	0.66	5,691,197
	February	0.94	0.81	5,168,623
	January	1.26	0.82	12,657,659
2010	December	1.20	0.83	13,080,585
	November	1.20	0.90	7,703,858
	October	1.33	0.68	11,002,707
	September	0.86	0.47	11,827,942
	August	0.56	0.45	7,272,173
	July	0.75	0.51	6,586,658
	June	1.33	0.52	9,418,086
	May	1.70	1.06	2,286,865
	April	1.80	1.61	1,996,346
	March	1.97	1.45	4,143,802
	February	1.99	1.35	2,624,516
	January	1.66	1.13	3,436,107

* Trading data for the period May 2 through May 30, 2011.

DIRECTORS AND EXECUTIVE OFFICERS

All of the directors of the Corporation are elected until the next annual meeting of the shareholders of the Corporation or until their respective successors are elected directors of the Corporation or until the earlier of their death, resignation or removal. Each officer of the Corporation serves at the discretion of the directors of the Corporation.

The following table sets forth the name, place of residence, present position or positions held with the Corporation and principal occupation of each director and officer of the Corporation and the period during which each present director of the Corporation has served as a director of the Corporation.

Name and Position and Municipality of Residence	Position with the Corporation	Director of the Corporation Since	Principal Occupation
Kerry Sully (2) Vancouver, BC	Director, President and CEO	October 22, 1998	President and CEO of the Corporation since 1998 to present.
John Clarke Toronto, ON	Vice President, Business Development	Not Applicable	Vice President, Business Development of the Corporation since November 2009; President, Clarke Energy Consulting Inc. since 2004 and Director, Enviromena Power Systems Inc. since 2006.
Denis Clement (1) Oakville, ON	Director and Consultant	October 22, 1998	Chairman, DNI Metals Inc. (formerly Dumont Nickel Inc.) since October 1998; Director, Southeast Asia Mining Corp. since March 2005; Director, Celeste Copper Corporation since December 2010.
John Cullen (2) Barrie, ON	Director	October 22, 1998	Director, Southeast Asia Mining Corp. since March 2005; Director, Hy Lake Gold Inc. since May 2010; Director Victory Gold Mines from December 2009 to December 2010; and Director, Candax Energy Inc. from 2004 to 2010.
James Fairbairn Thornhill, ON	CFO, Treasurer and Secretary	Not applicable	CFO, CGX Energy Inc. since October 1998; Self-employed chartered accountant, consulting for public companies since 1990.

Name and Position and Municipality of Residence	Position with the Corporation	Director of the Corporation Since	Principal Occupation
Stephen Hermeston Katy, TX, USA	Director	May 17, 2011	New Ventures Manager, Remora Energy from June 2007 to May 2011 and Senior Geological Advisor, Oxy Oil & Gas Co. from April 2005 to June 2007.
Adrian Jackson (1) Surrey, UK	Director	February 6, 2000	Equity Analyst, Investec Asset Management Limited since September 2004; Director, Candax Energy Inc. from 2004 to 2010.
Oliver Lennox-King (1) (2) Toronto, ON	Director	December 20, 1996	Director of Teranga Gold Corporation since October 2010 and former Chairman of Fronteer Gold Inc. from 2003 to April 2011.
Warren Workman Calgary, AB	Vice President, Exploration	Not applicable	Vice President, Exploration of the Corporation since 1998 to present.

Notes:
(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.

The Corporation has two sub-committees of the board, the Audit Committee (the "Audit Committee") and the Compensation Committee (the "Compensation Committee"). The Audit Committee and Compensation Committees both consist of at least two independent directors of the Corporation.

As at May 31, 2011, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, 7,126,928 Common Shares representing 3.7% of the outstanding Common Shares.

Audit Committee Disclosure

Composition of the Audit Committee

The Audit Committee consists of three directors, being Messrs. Clement, Jackson and Lennox-King. The directors of the Corporation have determined that two members of the Audit Committee are "independent" from the Corporation and all are "financially literate" for the purposes of National Instrument 52-110 - Audit Committees ("NI 52-110"). Each member of the Audit Committee has the ability to perform his responsibilities as an Audit Committee member based on his education and/or experience as summarized below.

Mr. Jackson is a director of the Corporation and an energy equity analyst for Investec Asset Management Limited. Mr. Jackson has worked at JP Morgan Chase as an oil and gas corporate financier and as the Chief Financial Officer of a private equity-backed oil company. Mr. Jackson received his M.A. Physics from Oxford University, London, England and his MBA at Henley Management College, Oxfordshire, England. Mr. Jackson is an independent director of the Corporation for the purposes of NI 52-110.

Mr. Clement is a director of the Corporation and an independent businessman. He is chairman of DNI Metals Inc. (formerly Dumont Nickel Inc.), and a director of Celeste Copper Corporation, both TSXV listed companies. He is also a director of Southeast Asia Mining Corp., a reporting issuer in the provinces of Ontario, Manitoba, Alberta and British Columbia. Mr. Clement received his B.Comm. from Sir George Williams University, an LL.B. from the University of Ottawa and an LL.M. from the London School of Economics in London, England. Mr. Clement is not an independent director of the Corporation for the purpose of NI 52-110.

Mr. Lennox-King is a director of the Corporation and a director of Teranga Gold Corporation as well as the former founder and chairman of Fronteer Development Group Inc. Mr. Lennox-King received his B.Comm. from the University of Auckland, Auckland, New Zealand. He is a director of several junior public companies. Mr. Lennox-King is an independent director of the Corporation for the purpose of MI N2-110.

Audit Committee Charter

The responsibilities and duties of the members of the Audit Committee are set out in the audit committee charter, the text of which is attached to this Annual Information Form.

Audit Committee Oversight

At no time since the commencement of the most recently completed financial year of the Corporation was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the directors of the Corporation.

External Auditor Service Fees (By Category)

The aggregate fees billed by the external auditor of the Corporation in each of the last two financial years of the Corporation are as follows:

	2010	2009
Audit Fees (1)	$ 47,920	$38,000
Audit-related fees (2)	53,040	-
Tax Fees (3)	3,672	-
All other fees (4)	22,940	2,200
Total	$127,572	$40,200

Notes:

(1) "Audit fees" include the aggregate professional fees billed by Parker Simone LLP (2010 and 2009) for audit reviews and filings related to the Corporation's short form prospectus filings in August 2010 and December 2010. On January 27, 2011, CGX engaged the services of Ernst & Young LLP to audit the Corporation's December 31, 2010 consolidated financial statements and was billed $25,000 in March 2011.

(2) "Audit-related fees" include professional fees billed by Parker Simone LLP relating to the review of the prospectuses filed in August and December 2010.

(3) "Tax fees" include the aggregate fees billed by Parker Simone LLP (2010 and 2009) for the provision of corporate tax planning and other tax related services.

(4) Fees paid to Parker Simone LLP related to the review of the consolidated financial statements for the first quarter ended March 31, 2010.

Conflicts of Interest

Certain officers and directors of CGX are also officers and/or directors of other companies engaged in the oil and gas business generally. As a result, situations could arise where the interests of such directors and officers conflict with their interests as directors and officer of other companies. The resolution of such conflicts is governed by applicable corporate laws which require that directors act honestly, in good faith and with a view to the best interests of CGX and pursuant to CGX's governing statute, the OBCA, that directors declare and refrain from voting on, any matter in which a director may have a conflict of interest.

Cease Trade Orders Bankruptcies, Penalties or Sanctions

Denis Clement is a current director of Southeast Asia Mining Corp. ("SEA"), a corporation incorporated under the laws of Canada which is subject to Cease Trade Orders issued by the securities commissions of the Provinces of British Columbia, Alberta, Manitoba and Ontario in May 2009. The cease trade orders were issued for failure to file SEA's audited consolidated financial statements for the year ended December 31, 2008 and subsequent periods. SEA has brought its continuous disclosure up to date and an application has been made to the Ontario Securities Commission ("OSC") as primary regulator to lift the cease trade order. At such time as SEA has received a response from the OSC it will make the required applications in the provinces of British Columbia, Alberta and Manitoba.

John Cullen was formerly a director of Biogan International, Inc. ("Biogan"), a corporation incorporated under the laws of Delaware and listed on the NASDAQ Bulletin Board. Mr. Cullen resigned as a director of Biogan several weeks before Biogan filed for bankruptcy protection. On July 9, 2004 the US Bankruptcy Court confirmed the Biogan liquidation plan and the final decree closing the bankruptcy proceedings occurred in April 2005. There were no conditions to entry of the final decree other than the financing and distribution of proceeds. John Cullen is a current director of SEA, a corporation incorporated under the laws of Canada which is subject to Cease Trade Orders issued by the securities commissions of the Provinces of British Columbia, Alberta, Manitoba and Ontario in May 2009. The cease trade orders were issued for failure to file SEA's audited consolidated financial statements for the year ended December 31, 2008 and subsequent periods. SEA has brought its continuous disclosure up to date and an application has been made to the OSC as primary regulator to lift the cease trade order. At such time as SEA has received a response from the OSC it will make the required applications in the provinces of British Columbia, Alberta and Manitoba.

James Fairbairn was a director of Black Pearl Minerals Consolidated Inc. (now Canada Lithium Corp.), a corporation incorporated under the Business Corporations Act (Ontario), in July 2001 when the company was subject to a cease trade resulting from a failure to file financial statements which cease trade order was issued on July 30, 2011, extended on August 10, 2011 and rescinded on August 13, 2001 and a cease trade order resulting from a failure to file financial statements which was issued on July 23, 2001, extended on July 23, 2002 and rescinded on October 2, 2002.

Kerry Sully was formerly a director of Birch Mountain Resources Ltd. ("Birch"), a corporation incorporated under the Business Corporations Act of Alberta. Mr. Sully resigned as a director of Birch on November 5, 2008 upon the appointment of the Receiver pursuant to the Bankruptcy and Insolvency Act (Canada).

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

CGX is and has not been a party to, and none of its properties are or were the subject of, any legal proceedings during the financial year of the Corporation and no legal proceedings are known to CGX to be contemplated. There were no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the financial year of the Corporation ended December 31, 2010, no other penalties or sanctions have been imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision with respect to the securities of CGX, and no settlement agreements were entered into with a Court relating to securities legislation or with a securities regulatory authority during the financial year of the Corporation ended December 31, 2010.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the financial year of the Corporation ended December 31, 2010 involving any director, executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing that has materially affected or will materially affect the Corporation, other than as set forth herein or as previously disclosed.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Common Shares is Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, Canada M5H 4H1.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business and other than as described in this section, the only material contracts entered into by the Corporation since its incorporation which can reasonably be regarded as presently material to the Corporation are the following:

1. The Corentyne PA dated June 24, 1998;

2. The Georgetown PA dated November 25, 1997;

3. The Pomeroon PA dated November 19, 1997;

4. The Berbice PA dated June 29, 2006;

5. The joint operating agreement dated April 1, 1999 between YPF Guyana Ltd., Tullow Guyana B.V., CGX Resources Inc., and Repsol Exploracion S.A. that establishes the respective rights and obligations of each party to the joint operating agreement, including without limitation the joint exploration, appraisal and development and production of hydrocarbon reserves, when discovered, on the Georgetown PPL; and

6. The agreement dated November 23, 2007 between the Corporation and JRD which agreement sets out the engagement terms of JRD with respect to JRD acting as exclusive agent to the Corporation in connection with a potential transaction involving the Corentyne PPL and/or the Georgetown PPL.

INTEREST OF EXPERTS

Gustavson has prepared the Gustavson Report which is included in this Annual information Form as required pursuant to NI 51-101. To the best of the knowledge of CGX, the directors, officers and employees of Gustavson do not own any Common Shares of the Corporation.

Ernst & Young LLP, the external auditors of the Corporation, have prepared the audit report on the consolidated financial statements of the Corporation for its most recently completed financial year. Parker Simone LLP have advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information regarding CGX may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's Information Circular for its most recent annual meeting of security holders that involves the election of directors. Additional financial information is provided in CGX's financial statements and Management Discussion and Analysis for its most recently completed financial year which is also available on SEDAR.

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Management of the Corporation is responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2010 estimated using forecast prices and costs.

The board of directors of the Corporation has determined that, as of the last day of the Corporation's most recently completed financial year, the Corporation had no reserves.

An independent qualified reserves evaluator has not been retained to evaluate the Corporation's reserves data as the Corporation has no reserves as of the last day of the Corporation's most recently completed financial year and no report of an independent qualified reserves evaluator is being disclosed by the Corporation for the period from January 1, 2010 to December 31, 2010.

The board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Corporation. The board of directors has approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing information detailing the Corporation's oil and gas activities;

(b) the Corporation not filing form 51-101F2, which is the report of the independent qualified reserves evaluator [auditor] on reserves data because the Corporation has no reserves; and

(c) the content and filing of this report.

Dated as of 31st day of May, 2011.

"Kerry Sully"

Kerry Sully
President and Chief Executive Officer

"James Fairbairn"

Chief Financial Officer

"John Cullen"

Director

"Adrian Jackson"

Director

CGX ENERGY INC.

AUDIT COMMITTEE CHARTER

The purpose of the Audit Committee of the Board of Directors (the "Board") of CGX Energy Inc. (the "Corporation") is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Corporation, and such other duties as directed by the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders, on the Corporation's processes to manage business and financial risk, and on compliance with significant applicable legal, ethical and regulatory requirements.

Membership

The membership of the Audit Committee shall consist of at least three directors who are generally knowledgeable in financial and auditing matters, including at least one member with accounting or related financial management expertise. Each member of the Audit Committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. A majority of the members are independent, meaning that the independent members are free of any direct or indirect material relationship with the Corporation. A material relationship means a relationship that, in the view of the Board, could reasonably interfere with the exercise of the member's independent judgment. The provisions and requirements of Multilateral Instrument 52-110 "Audit Committee" related to determining the independence of individuals shall apply to members of the Audit Committee.

The Chair of the Audit Committee shall be appointed by the full Board.

Communications and Reporting

The Audit Committee is expected to maintain free and open communication with the external auditors, the internal accounting staff, and the Corporation's management. This communication shall include private executive sessions, at least annually, with each of these parties. The Audit Committee chairperson shall report on Audit Committee activities to the full Board.

Authority

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose. The Audit Committee shall be empowered to set and pay the compensation for any such advisors employed by the Audit Committee. The Audit Committee shall have the authority to communicate directly with the internal and external auditors of the Corporation.

Responsibilities

Oversight

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting.

Recommend Auditor

The Audit Committee must recommend to the Board the external auditor to be nominated (subject to shareholder approval) for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and the compensation of the external auditor.

Pre-Approve Non-Audit Services

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation (or any of its subsidiary entities) by the Corporation's external auditor.

Review Financial Disclosure

The Audit Committee must review the Corporation's financial statements, management's discussion and analysis (MD&A) and annual and interim financial press releases, if any, before the Corporation publicly discloses this information.

The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

Whistle Blower Procedures

The Audit Committee must establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Reliance on Management and Auditors

The Audit Committee relies on the expertise and knowledge of management, the internal auditors, and the external auditor in carrying out its oversight responsibilities. Management of the Corporation is responsible for determining that the Corporation's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The external auditor is responsible for auditing the Corporation's financial statements. The Audit Committee should assure itself that the Corporation's internal policies, procedures and controls are adequate and are being implemented and followed.

Relationship with Auditors

The Audit Committee is also responsible for ensuring that the Corporation's external auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the external auditors and the Corporation and actively engaging in a dialogue with the external auditors with respect to any disclosure relationships or services that may impact the objectivity and independence of the external auditors and for taking appropriate action to ensure the independence of the external auditors within the meaning of applicable Canadian law.

The Audit Committee must review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

Guidelines for Audit Committee

With respect to the exercise of its duties and responsibilities, the Audit Committee should, among other things:

(1) report regularly to the Board on its activities, as appropriate;

(2) exercise reasonable diligence in gathering and considering all material information;

(3) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;

(4) understand and weigh alternative courses of conduct that may be available;

(5) focus on weighing the benefit versus harm to the Corporation and its shareholders when considering alternative recommendations or courses of action;

(6) if the Audit Committee deems it appropriate, secure independent expert advice and understand the expert’s findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Audit Committee in fulfilling its duties and responsibilities; and

(7) provide management and the Corporation’s independent auditors with appropriate opportunities to meet privately with the Audit Committee.

Meetings

The Audit Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. As part of its purpose to foster open communications, the Audit Committee shall meet at least annually with management and the Corporation’s external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups or persons believe should be discussed privately. In addition, the Audit Committee should meet or confer with the external auditors and management to review the Corporation’s interim consolidated financial statements and related filings prior to their filing with the Ontario Securities Commission, or any other regulatory body. The Chairman should work with the Chief Financial Officer and management to establish the agendas for Audit Committee meetings. The Audit Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Audit Committee shall maintain minutes of its meetings and records relating to those meetings and the Audit Committee’s activities and provide copies of such minutes to the Board to be included in the minute books of the Corporation.