



**NEWS RELEASE**  
**CGX ENERGY INC.**  
**(TSX-V | OYL)**  
**March 5, 2020**

## **CGX Energy Files Year-End Audited Consolidated Financial Statements**

**Toronto, Canada, March 5, 2020** - CGX Energy Inc. (“**CGX Energy**” or the “**Company**”) announced today the release of its audited consolidated financial results for the year ended December 31, 2019, together with its Management Discussion and Analysis and Annual Information Form. These documents will be posted on the Company’s website at [www.cgxenergy.com](http://www.cgxenergy.com) and SEDAR at [www.sedar.com](http://www.sedar.com). All values in this new release and the Company’s financial disclosures are in United States dollars unless otherwise stated.

CGX Energy through CGX Resources Inc. (“**CRI**”) and its joint venture partner, Frontera Energy Guyana Corp (“**Frontera Guyana**”) intends to drill an exploration well on the Corentyne block by November 27, 2020. CRI and Frontera Guyana also continue to consider the drilling of an exploration well on the Demerara block back to back with the drilling of an exploration well on the Corentyne Block. The commitment exploration well under the Demerara Petroleum Agreement must be drilled by February 12, 2021.

Professor Suresh Narine, Executive Chairman and Executive Director (Guyana) of CGX Energy commented: “CGX Energy has, over the past three years, embarked on a successful, measured and deliberate trajectory to restructure its finances and clean up its balance sheet, secure funding and joint venture partners, revise its geological assessments in light of recent and continuing discoveries in the Guyana-Suriname basin and acquire further 3D seismic coverage on its Corentyne Block in the northern segment of the block, bordering the Stabroek Block. In 2019 the Company strengthened its board through the addition of Mr. Gabriel de Alba as Co-Chairman and the appointment of Dr. Hermann Tribukait as an independent director. As CGX Energy now moves into a period of financing and technical preparation for drilling, the Company is well equipped both at the board level and with a strong and experienced technical team. The Company, through its wholly owned subsidiary Grand Canal Industrial Estates Inc. has also now begun construction on Phase 1A of its Deep-Water Port Project in Berbice.”

### **2019 Year-End Highlights**

- On September 24, 2019, Frontera Energy Corporation (“**Frontera**”) elected to convert the principal amount outstanding (\$8,800,000) under its bridge loan facility due September 30, 2019 (“**Bridge Loan III**”). The principal amount outstanding under Bridge Loan III was convertible at a price of US\$0.22 per share (being the US dollar equivalent of Canadian dollar (“**C\$**”) C\$0.29, which was the closing price of the common shares of CGX Energy prior to the

December 4, 2018 announcement of the amendment to the Bridge Loan III). As a result of the conversion of the Bridge Loan III, the Company issued 40,000,000 common shares to Frontera.

- On September 23, 2019, the Company, through CRI as the operator of the Corentyne Block under a Joint Operating Agreement (“**JOA**”) with Frontera Guyana, executed a contract with PGS Geophysical SA to provide acquisition and processing of a full broadband marine 3D seismic survey, to produce seismic data covering approximately 582 km<sup>2</sup> of the northern portion of the Corentyne Block offshore in Guyana. The seismic acquisition commenced on October 18, 2019 and was completed on November 2, 2019.
- In July 2019, CRI and Frontera Guyana received an addendum to the Corentyne Petroleum Agreement (“**PA**”) by the Government of the Cooperative Republic of Guyana, South America (“**Government**”). Under the addendum, the order of the next two commitments under the Corentyne PA were reversed so that the commitments were as follows:
  - First Renewal Period, Phase Two (27 November 2017 to 27 November 2019)  
During phase two of the first renewal period, the CRI shall complete additional seismic acquisition or seismic processing.
  - Second Renewal Period, Phase One (27 November 2019 to 27 November 2020)  
During phase one of the second renewal period, CRI shall drill one (1) exploration well.
- On May 28, 2019, the transfers of the 33.333% interest in both the Corentyne and Demerara PA and associated Petroleum Prospecting Licences (“**PPLs**”) to Frontera Guyana were completed. The transfers were effective May 20, 2019. As a result, on May 28, 2019, the Company received \$8,500,851, being the net of the \$33,333,000 signing bonus due from Frontera Guyana, less the amount of \$24,832,149 of outstanding debts due to Frontera Guyana from CGX Energy.
- On May 3, 2019, the Government approved the farm-in JOAs covering the two offshore PAs and associated PPLs for the Corentyne and Demerara blocks, between CRI and Frontera Guyana.
- On March 28, 2019, CGX Energy completed the agreement with Japan Drilling Co., Ltd. (“**JDC**”) made on October 30, 2018, and settled all liabilities claimed by JDC from the Company arising from a cancelled drilling contract in 2015. Under the terms of the agreement, the Company paid JDC 45% of the principal amount of the funds claimed and recorded (or \$6,637,537), together with interest accrued on such reduced amount in the sum of \$1,266,500 (or \$7,904,037 in the aggregate) as at October 30, 2018, in order to fully satisfy all liabilities. The Company recorded a gain on settlement of debt of approximately \$9,998,862 in the year ended December 31, 2019.
- On March 12, 2019, the Company completed a rights offering (“**Offering**”). Pursuant to the Offering, the Company issued to holders of its outstanding common shares of record as at the close of business on February 11, 2019 an aggregate of 116,102,318 transferable rights (each, a “**Right**”) to subscribe for, until March 12, 2019 (“**Expiry Date**”), an aggregate of 116,102,318 common shares of CGX Energy. Each Right entitled the holder thereof to subscribe for one common share upon payment of the subscription price of C\$0.25 (equivalent of approximately \$0.1876) per common share prior to the Expiry Date. On March 12, 2019, the Company issued 116,102,318 common shares, the maximum number of common shares available for issuance under the terms of the Offering, based on shareholders’ exercise of the basic subscription

privilege and the additional subscription privilege, allocated pro-rata, for aggregate gross proceeds to the Company of C\$29,025,579 (equivalent of approximately \$21,779,530). Frontera provided a standby commitment in connection with the Offering (“**Standby Commitment**”), in which Frontera would acquire any common shares available as a result of any unexercised Rights under the Offering, such that CGX Energy was guaranteed to issue 116,102,318 common shares in connection with the Offering. Frontera received 5-year warrants to purchase up to 15,009,026 common shares at an exercise price equal to C\$0.415 per common share. Since the Offering was oversubscribed, Frontera did not acquire any additional shares under the Standby Commitment.

- On February 7, 2019, to pay the required drilling rig minimum obligation fee of \$5,340,000 (covering CRI’s share of the mobilization fee, demobilization fee and 30-days of rig time charged at the stand-by rate), Frontera advanced the Company the full amount such fee. Of this amount the Company signed a promissory note for \$3,115,035 (the “**Promissory Note**”), being CRI’s anticipated share pursuant to the terms of the Corentyne block JOA. The Promissory Note carried an interest rate of 7% per annum and matured on the earlier of the closing date of the transactions under the farm-out agreement with Frontera Guyana or May 28, 2019. The amount outstanding under the promissory note was settled on May 28, 2019.
- On January 30, 2019, the Company amended its Bridge Loan III with Frontera to a non-revolving term facility in an amount of up to \$12,939,000, provided that the facility will be automatically reduced by a payment from the Company to a maximum principal amount of \$8,800,000 by May 28, 2019. On May 28, 2019 the Company settled principal of \$4,139,000, plus accrued interest, of the outstanding debt now owed to Frontera. This revised term facility carried an interest rate of up to 7% per annum and matured on September 30, 2019. The \$8,800,000 principal amount was convertible at the option of Frontera anytime prior to maturity or repayment at a price of \$0.22 per share.

### **About CGX Energy**

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

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

### **Forward-Looking Statements:**

This news release contains forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “would”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur in the future. These forward-looking statements are based on certain key expectations and assumptions made by CGX Energy. CGX Energy believes the expectations and assumptions on which it develops forward-looking statements are reasonable; however, undue reliance should not be placed on forward-looking statements as there can be no assurance they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently

anticipated due to a number of factors and risks. In addition, other risks that may affect the forward-looking statements in this news release are outlined further in the Company's most recent Annual Information Form on SEDAR at [www.sedar.com](http://www.sedar.com).

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

**For further information, please contact:**

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