



**NEWS RELEASE**  
**CGX ENERGY INC.**  
**(TSX-V | OYL)**  
**May 28, 2019**

## **CGX Energy Announces Filing of First Quarter Financial Statements**

**Toronto, Canada, Tuesday May 28, 2019** - CGX Energy Inc. (“**CGX Energy**” or the “**Company**”) announced today the release of its unaudited Consolidated Financial Statements for the first quarter of 2019, together with its Management, Discussion and Analysis - Quarterly Highlights (“**MD&A**”). 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 news release and the Company’s financial disclosures are in United States dollars unless otherwise stated.

### **First Quarter and Recent Highlights**

- On May 3, 2019, the Government of The Cooperative Republic of Guyana approved the farm-in joint venture agreements (“**JOAs**”) covering two shallow water offshore Petroleum Prospecting Licences in Guyana, the Corentyne and Demerara blocks, between CGX Resources Inc. (“**CRI**”), a wholly owned subsidiary of the Company and Frontera Energy Guyana Corp. The JOAs provided for a transfer of a 33.333% interest in both Corentyne and Demerara Petroleum Prospecting Licences and Petroleum Agreements in exchange for a \$33,333,000 signing bonus. Under the JOAs, Frontera Energy Guyana Corp. would pay one-third of the applicable costs plus an additional 8.333% of the Company’s direct drilling costs for the initial exploratory commitment wells in the two blocks subject to certain thresholds.
- On May 28, 2019, the transfers of the 33.333% interest in both the Corentyne and Demerara Prospecting Licences were completed. The transfers are effective May 20, 2019. As a result, on May 28, 2019, \$8,500,851 was due to the Company, being the net of the \$33,333,000 signing bonus due from Frontera Energy Guyana Corp., less the amount of \$24,832,149 of outstanding debts due to Frontera Energy Guyana Corp. from the Company.
- On March 28, 2019, CGX Energy completed the agreement with 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 \$9,998,862 in the three month period ended March 31, 2019.
- Pursuant to the rights offering (“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**”). 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 March 12, 2019. 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 Energy Corporation (TSX: FEC) ("**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. In consideration for the Standby Commitment, Frontera received five 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 the Company'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. Of this amount the Company signed a promissory note for \$3,115,035 being the Company'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 Energy Guyana Corp. or May 28, 2019. As a result, on May 28, 2019 the outstanding amount due to Frontera was settled.
- 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 this outstanding debt to Frontera. The revised term facility carries an interest rate of up to 7% per annum and matures on September 30, 2019. The \$8,800,000 principal amount is convertible at the option of Frontera any time prior to maturity or repayment at a price of \$0.22 per share. As of May 28, 2019, the Company has fully drawn the available amounts from the facility.
- For the three month period ended March 31, 2019, the Company improved its working capital deficiency by \$22,347,826 and recorded cash on hand as at March 31, 2019 of \$15,060,170 as result of the Offering that closed on March 12, 2019.
- The Company incurred exploration and evaluation expenditures of \$7,577,121 during the three month period ended March 31, 2019 primarily due to activities being undertaken to satisfy work commitments under CRI's Corentyne block Petroleum Agreement.

### **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.

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