



## **Jennings Capital Inc.**

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## **MORNING COMMENT January 7, 2010**

PLEASE SEE IMPORTANT DISCLOSURES ON PAGES 7 AND 8.

### **CGX Energy Inc.1 (TSXV-OYL \$1.46) Mkt Cap \$184 Million**

**Recommendation: SPECULATIVE BUY; Target: \$2.00**

**Analyst: Greg Chornoboy**

**CGX and Partners Enter Second Renewal Period on Georgetown Block**

**Impact: Positive**

This morning, CGX announced that along with its working interest partners, Repsol Exploracion S.A. (15%), YPF Guyana Limited (30%) and Tullow Guyana BV (30%), it has renewed the Petroleum Prospecting Licence in the Georgetown block and entered into the Second Renewal Period.

The Second Renewal Period has a minimum work commitment of one exploration well to be drilled within the next 18 months.

CGX has re-opened the data room and marketing process to find a farm-in partner for its 100% owned Corentyne Block. We anticipate that process to conclude in March or April. As the earning provision for a partner would be to drill one (or more) wells on the block, it is possible or even likely that there will be news on two wells (Georgetown and Corentyne) late this year or early next year.

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**Speculative Buy:** The stock is expected to provide a total return in excess of 10% over the current trading price over the next 12 months; however, there is material event risk associated with the investment.

**Buy:** The stock is expected to provide a total return in excess of 10% over the current trading price over the next 12 months.

**Hold:** The stock is expected to provide a total return of 0% to 10% over the current trading price over the next 12 months.

**Sell:** The stock is expected to provide a negative total return over the next 12 months.

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**Low/Average Risk** — Stocks with less volatility than the market as a whole, with solid balance sheets and dependable earnings.

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<b>SPECULATIVE BUY</b>	<b>48%</b>
<b>HOLD</b>	<b>8%</b>
<b>RESTRICTED</b>	<b>0%</b>
<b>UNDER REVIEW</b>	<b>0%</b>
<b>SELL</b>	<b>3%</b>

*Percent Ability*

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