

**CGX ENERGY INC.
(TSXV-OYL C\$2.09)**

**Recommendation: SPECULATIVE BUY
12-Month Target: C\$12.00
Risk Rating: ABOVE AVERAGE**

NOBLE/REPSOL WELL IN BLOCK 30 FINDS NON-COMMERCIAL HYDROCARBONS—CGX'S PROSPECTS ON CORENTYNE BLOCK ARE NOT AFFECTED

- **Noble/Repsol West Tapir-1 well finds non-commercial amounts of hydrocarbons.** According to Noble's press release, the well "...did not contain commercial hydrocarbons". The well was not dry – we understand that there were indications of gas, just not sufficient quantities. While the well is clearly not a commercial success, it does verify source rock and migration. *West Tapir-1 and the old Shell Abary-1 well now establish source rock and migration to both the east and west of CGX's main prospects on the Corentyne block.* In a new basin, source is usually the most difficult element to establish.
- **West Tapir-1 was targeting a different formation than CGX is pursuing.** The primary target for West Tapir-1 was an Oligocene channel. As shown on the stratigraphic table on the next page, this is significantly higher than the Paleocene to Eocene turbidites and Cretaceous floor fans on which CGX is focusing. All of those targets are closer to the source rock, the Turonian Canje shale (also shown on the next page). In essence, the oil or gas had to pass through these deeper targets to get to the Oligocene.
- **3D seismic program to be shot over Corentyne and Georgetown blocks this summer.** CGX has contracted Fugro-GeoTeam to shoot the 500 km² program this summer. This data will be key in interpreting the structures and selecting well locations.
- **Results of joint venture solicitation process in late Q3.** The Company expects to receive proposals for joint venture participation during Q3, and potentially announce a successful partner late in the quarter, or early in Q4.

We are maintaining our SPECULATIVE BUY recommendation and 12-month target price of C\$12.00 per share.

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Company Statistics	
Market Cap	\$260.8 MM
Basic Shares O/S	124.8 MM
Fully Diluted Shares O/S	124.8 MM
52-Week Range	133.17491
Major Shareholders	Cormark Asset Management 11%
Cash (03/31/04 est.)	\$ 38.0 MM
Debt (03/31/04 est.)	\$ 0.0 MM
Working Capital (03/31/04 est.)	\$ 36.6 MM

Earnings Summary						
FYE: December	2007F	2008F	2009F	2010F	2011F	2012F
Production (Bbl/d)	0	0	0	0	0	7,133
EPS (FD)	(\$0.04)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.03)	\$0.83
CFPS (FD)	(\$0.03)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.01)	\$0.88
DACF	(\$0.03)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.01)	\$0.89
Debt (\$MM)	\$0	\$0	\$0	\$20	\$70	\$115
P/E	n/m	n/m	n/m	n/m	n/m	2.5 x
P/CF	n/m	n/m	n/m	n/m	n/m	2.4 x
DACFM	n/m	n/m	n/m	n/m	n/m	3.0 x

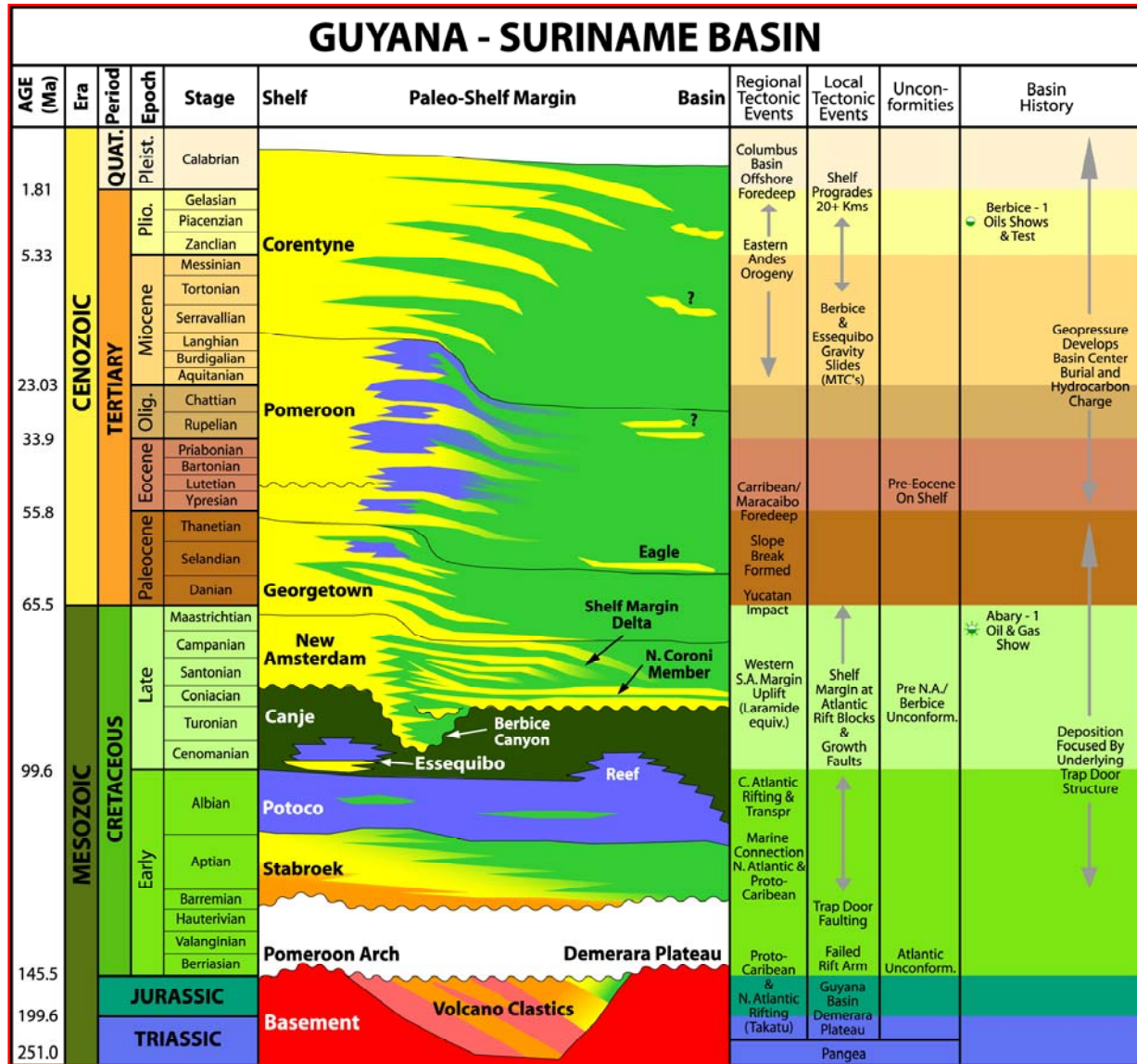
Trading Parameters						
	2007F	2008F	2009F	2010F	2011F	2012F
EV/BOE/d	n/m	n/m	n/m	n/m	n/m	52,687
EV/BOE (2P, estimated at exit 2007)			n/m	(\$/BOE)		
Implied Value of Potential Resources *				\$0.08 (\$/BOE)		
				Risked		
						\$0.41 (\$/BOE)

* = (EV-PV 10 of 2P reserves)/potential resources



CGX Energy Inc. is a junior E&P company with four concession blocks offshore of Guyana in the highly prospective but unexplored Guyana-Suriname Basin.

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Company	Ticker
CGX Energy Inc.	TSXV-OYL

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Note: We initiated coverage on **CGX Energy Inc.** on April 4, 2008 with a **SPECULATIVE BUY** recommendation, an **ABOVE AVERAGE** risk rating and a target price of C\$12.00 per share. Share price at that time was \$3.14.

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Revised Monthly

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