

CGX Energy Announces Resequencing of its Work Programme in Guyana and Second Quarter Results

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Toronto, August 2, 2019 - [CGX Energy Inc.](#) (TSXV: OYL) ("CGX Energy" or the "Company") announced today that a resequencing of its work programme in the Corentyne block, held by its wholly owned subsidiary CGX Resources Inc. ("CRI"), has been approved by means of an addendum to its Corentyne Petroleum Agreement by the Government of the Cooperative Republic of Guyana. CRI and Frontera Energy Guyana Corp. ("FEGC") are joint venture partners in the block.

Initially, the Company intended to drill one exploration well on the Corentyne block and then follow that up with seismic processing, as disclosed under the "Use of Available Funds" section of the Company's rights offering circular dated February 1, 2019. At that time, the Company intended to use \$11.2 million from the rights offering to drill the Utakwaaka well on the Corentyne block by November 27, 2019. However, the Company will instead now utilize these funds to complete a seismic survey over the northern region of the Corentyne block by November 27, 2019 and the remaining balance of funds for the Company's resequenced exploration well to be drilled by November 27, 2020 on the Corentyne block. This resequencing will not change the Company's overall work commitment on the Corentyne block, and may also involve other related projects, but should better position the Company in the long-term.

The benefit of the resequenced work program, which allows seismic assessment to be conducted over the northern region of the Corentyne block before drilling of an exploration well is that it will allow the Company to gain a more complete technical understanding of the Corentyne block and in particular its northern sector. Given recent large discoveries in an adjacent block, which provides a strong indication that hydrocarbons have migrated into the northern region of the Corentyne block, this seismic assessment will allow CRI to more comprehensively evaluate the hydrocarbon potential of the Corentyne block and help it assess whether it first drills the Utakwaaka well or another well located in the northern region of the block. This may mean that certain prior agreements that the Company has entered into may need to be revised, but this is expected to be in the Company's best interests and future prospects.

In addition, CRI and FEGC plan to commence a new commitment well in the Demerara block in 2020, that was not initially planned to occur until February 2021, and should occur either immediately before or after the commitment well referred to above is drilled in the Corentyne block. This approach may also result in significant cost savings for the Company.

The Company will, through its wholly owned subsidiary Grand Canal Industrial Estates, also begin civil works in 2019 on its Deep Water Port at Crab Island in the Berbice River so that it can stage its exploration wells in 2020 from its Deep Water Port.

Professor Suresh Narine, Executive Chairman and Executive Director (Guyana), CGX, commented:

"CGX and our joint venture partner FEGC, are focussed on maximizing the partnership's chances of exploration success while increasing efficiencies, ensuring safety and managing costs. The resequenced work program establishes the right chronology of actions to allow these guiding principles to be realized. Furthermore, it allows CGX to maximize its local content engagement through the operationalization of its Deep Water Port at Crab Island at the mouth of the Berbice River."

Second Quarter Results and Recent Highlights

The Company also announces the release of its unaudited consolidated financial statements for the second

quarter of 2019, together with its Management, Discussion and Analysis - Quarterly Highlights. These documents will be posted on the Company's website at www.cgxenergy.com and SEDAR at www.sedar.com. All values in this news release and the Company's financial disclosures are in United States dollars unless otherwise stated.

- 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 Licenses in Guyana, in the Corentyne and Demerara blocks, between CRI and FEGC. The JOAs provided for a transfer of a 33.333% interest in both the Corentyne and Demerara Petroleum Prospecting Licenses and Petroleum Agreements in exchange for a \$33,333,000 signing bonus. Under the JOAs, FEGC will 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 Licenses were completed. The transfers were effective on 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 FEGC, less the amount of \$24,832,149 of the outstanding debt owed to FEGC by the Company.
- For the six month period ended June 30, 2019, the Company improved its working capital deficiency by \$56,525,771 and recorded cash on hand as at June 30, 2019 of \$22,574,722.
- The Company incurred net exploration and evaluation expenditures of \$5,256,609 during the six month period ended June 30, 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.

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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.

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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