FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. - Name and Address of Company:

CGX Energy Inc.
120 Adelaide St. West, Suite 512
Toronto, ON
M5H 1T1

Item 2. - Date of Material Change:

May 12, 2005

Item 3. - News Release:

A news release was issued by CGX Energy Inc. ("CGX") on May 13, 2005 at Toronto, Canada through CCNMathews.

Item 4. - Summary of Material Change:

On May 13, 2005, CGX announced that it had adopted a shareholder rights plan (the "Shareholder Rights Plan") as set out in the shareholder rights plan agreement dated as of May 12, 2005 (the "Shareholder Rights Plan Agreement") between CGX and Equity Transfer Services Inc. The purpose of the Shareholder Rights Plan is to ensure, to the extent possible, that all shareholders of CGX are treated fairly in connection with any take-over bid in respect of CGX or other acquisition of control of CGX and to provide sufficient time for the shareholders of CGX to consider any such transactions. In order for the Shareholder Rights Plan to remain in effect, it is required to be ratified by shareholders of CGX at the annual and special meeting of shareholders of CGX currently scheduled to be held on June 14, 2005.

Item 5. - Full Description of Material Change:

On May 13, 2005, CGX announced that it had adopted the Shareholder Rights Plan as set out in the Shareholder Rights Plan Agreement. The purpose of the Shareholder Rights Plan is to ensure, to the extent possible, that all shareholders of CGX are treated fairly in connection with any take-over bid in respect of CGX or other acquisition of control of CGX and to provide sufficient time for the shareholders of CGX to consider any such transactions. In order for the Shareholder Rights Plan to remain in effect, it is required to be ratified by shareholders of CGX at the annual and special meeting of shareholders of CGX currently scheduled to be held on June 14, 2005.

The following is a summary of the principal terms of the Shareholder Rights Plan and is qualified in its entirety by the terms of the Shareholder Rights Plan Agreement, a copy of which has been filed with applicable securities regulatory authorities in Canada and may be found at www.sedar.com.

Summary of the Shareholder Rights Plan

Effective Date: The effective date of the Shareholder Rights Plan (the "Effective Date") is

May 12, 2005. In accordance with the policies of the TSX Venture Exchange, the Shareholder Rights Plan is required to be ratified by the shareholders of CGX within six months of the adoption of the Shareholder Rights Plan. Prior to shareholder ratification during such six month period, the Shareholder Rights Plan will be in effect.

Term: If not previously terminated in accordance with the provisions thereof, the Shareholder Rights Plan will terminate at the close of business on the first annual meeting of shareholders of CGX following the third anniversary of the Effective Date, provided in certain circumstances that if the Independent Shareholders (as hereinafter defined) ratify the continued existence of the Shareholder Rights Plan at or prior to such meeting of shareholders of CGX, then the Shareholder Rights Plan will terminate at the close of business on the sixth anniversary of the Effective Date.

Issue of Rights: On the Effective Date, one right (a "Right") was issued and attached to each common share of CGX (a "Common Share") then outstanding. One right will be issued and will attach to each Common Share issued following the Effective Date.

Rights Exercise Privilege: The Rights will separate from the Common Shares and will be exercisable eight business days (or such later date as may be determined by the directors of CGX) (the "Separation Time") after a person has acquired, or commences or publicly announces or discloses its intention to commence a take-over bid to acquire, 20% or more of the Common Shares, other than by an acquisition pursuant to a take-over bid permitted by the Shareholder Rights Plan (a "Permitted Bid").

The acquisition by any person (an "Acquiring Person") of 20% or more of the Common Shares, other than by way of a Permitted Bid, is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. From and after a Flip-in Event, each Right (other than those held by the Acquiring Person) will permit the purchase of US$20.00 worth of Common Shares at the market price (as defined in the Shareholder Rights Plan) on the date of the Flip-in Event for US$10.00 (i.e., at a 50% discount). The Acquiring Person, as well as any holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event, may accordingly suffer substantial dilution.

Certificates and Transferability: Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares issued from and after the Effective Date and will not be transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates that will be transferable and traded separately from the Common Shares.

Permitted Bid Requirements: The requirements for a Permitted Bid include the following:

(a) the take-over bid must be made by way of a take-over bid circular;

(b) the take-over bid must be made to all holders of Common Shares;

(c) no Common Shares may be taken up or paid for (i) prior to the close of business on a date which is not less than 60 days following the date of the take-over bid and (ii) unless, at the close of business on such date, more than 50% of the Common Shares held by shareholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder (collectively the "Independent Shareholders") have been deposited or tendered pursuant to the take-over bid and have not been withdrawn;

(d) the Common Shares deposited or tendered pursuant to the take-over bid may be withdrawn at any time before they are taken up and paid for; and

(e) if more than 50% of the Common Shares held by Independent Shareholders are deposited or tendered pursuant to the take-over bid and have not been withdrawn, then the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits and tenders of Common Shares for an additional 10 business days from the date of such public announcement.

The Shareholder Rights Plan allows for a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that, subject to applicable law, it may expire on the same date as the Permitted Bid.

Waiver and Redemption:

The directors of CGX may, prior to the Flip-in Event, waive the dilutive effects of the Shareholder Rights Plan in respect of a particular Flip-in Event resulting from a take-over bid that is made by way of a take-over bid circular to all holders of Common Shares, or waive one or more of the requirements of a Permitted Bid or a Competing Permitted Bid, in which event such waiver will be deemed also to be a waiver in respect of any other Flip-in Event, and any such requirement, occurring under a take-over bid made by way of a take-over bid circular to all holders of Common Shares.

The directors of CGX may also waive the Shareholder Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Common Shares within 14 days or such later date as may be specified by the directors of CGX.

Subject to the prior consent of the holders of Common Shares or Rights obtained in the manner and circumstances prescribed by the Shareholder Rights Plan, the directors of CGX may, at any time prior to the earlier of the first date of public announcement or disclosure that any person has become an Acquiring Person or the Separation Time, redeem all, but not less than all, of the outstanding Rights at a price of Cdn$0.00001 each.

Exemptions for Investment Advisors:	Investment advisors (for client accounts), trust companies (acting in their capacities as trustees and administrators), statutory bodies managing investment funds (for employee benefit plans, pension plans, insurance plans or various public bodies) and administrators or trustees of registered pension funds or plans acquiring greater than 20% of the Common Shares are exempted from triggering a Flip-in Event, provided that they are not (and are not part of a group) making or proposing to make or to participate in a take-over bid.
Exemptions for Lock-up Agreements:	A person is deemed not to be the beneficial owner of Common Shares solely because the holder of such Common Shares has agreed in a Permitted Lock-up Agreement to deposit or tender those shares in acceptance of a take-over bid (the "Lock-up Bid") made by such person. In order for an agreement to constitute a Permitted Lock-up Agreement, certain conditions must be met including, among other things, (i) any "break-up" fees payable to the bidder by the tendering shareholder cannot exceed the greater of 2.5% of the price or value of the consideration payable under the Lock-up Bid and 50% of the amount by which the price or value of the consideration payable under another take-over bid or transaction exceeds the price or value of the consideration that would have been received under the Lock-up Bid, (ii) the terms of the Permitted Lock-up Agreement are publicly disclosed and a copy is made available to the public (including to CGX), and (iii) the Permitted Lock-up Agreement permits the tendering shareholder to deposit or tender the Common Shares to another take-over bid or support another transaction where the price or value offered under such other bid is at least 7% higher than the price or value offered under the Lock-up Bid or the number of Common Shares to be purchased under another take-over bid or transaction is at least 7% more than the number proposed to be purchased under the Lock-up Bid.
Supplements and Amendments:	Subject to the requirements of the Shareholder Rights Plan relating to the prior consent of the holders of Common Shares or Rights (or in certain circumstances relating to the subsequent ratification by the holders of Common Shares or Rights), CGX will be authorized to amend, vary or rescind provisions of the Shareholder Rights Plan and the Rights.

Item 6. - Reliance on Section 7.1(2) or (3) of National Instrument 51-102:

n/a

Item 7. - Omitted Information:

n/a

Item 8. - Executive Officer:

James Fairbairn

Chief Financial Officer
Tel: 416 364-5569

Item 9. - Date of Report:

May 16, 2005