



NEWS RELEASE
CGX ENERGY INC.
(TSX-V | OYL)
August 28, 2015

CGX Energy Files Second Quarter Financial Statements

Toronto, Canada, Friday August 28, 2015 – CGX Energy Inc. (“**CGX Energy**” or the “**Company**”) announced today the release of its unaudited consolidated financial results for the quarter ended June 30, 2015, together with its Management Discussion and Analysis (“**MD&A**”). These documents will be posted on the Company’s website at www.cgxenergy.com and SEDAR at www.sedar.com.

Dewi Jones, Chief Executive Officer of the Company, commented:

“Given the steep decline in oil prices that has persisted over the last ten months, CGX Energy and its Board of Directors have determined that exploration drilling on the Corentyne Block offshore Guyana would not be prudent. We are grateful to the Government of Guyana for affording us an extension of our drilling commitments on the Corentyne Block until July 31, 2016. The settlement agreements with Japan Drilling Co., Ltd. (“**JDC**”) and Teikoku Oil (Suriname) Co., Ltd. (“**INPEX**”) will allow the Company to continue to seek a joint venture partner and we are very pleased that JDC has agreed to become a significant equity holder in the Company.”

“The termination of these agreements and deferral of the associated costs will allow us to continue to search for a joint venture partner and continue to evaluate industry and market conditions over the next six months. It is also important to note that despite the costs associated with terminating these agreements, we believe that given the current availability of rigs and current rig rates the aggregate cost of drilling our next exploration well offshore Guyana will nonetheless be similar to what was originally budgeted. As a result of INPEX utilization exceeding the original timeline, the Company obtained a reduction in the aggregate cost of the rig of approximately U.S.\$1 million.”

Second Quarter 2015 Overview and Highlights

- **Financial Results** - The Company recorded net loss of \$2,302,686 or \$0.02 a share for the three month period ended June 30, 2015, compared with \$1,527,658 or \$0.02 a share for the same period in 2014.
- **Strategic Partners and New Initiatives** – The Company continues to work towards securing a joint venture partner for all of its petroleum prospecting licences in Guyana and is actively pursuing this initiative.
- **Drilling Agreement Termination** – On June 19, 2014, CGX Resources Inc. (“**CGX Resources**”), a wholly-owned subsidiary of the Company, entered in to: (i) a drilling rig agreement (the “**Drilling Agreement**”) with JDC; and (ii) a rig sharing agreement (the “**Rig Sharing Agreement**”) with JDC, INPEX for the use of JDC’s HAKURYU-12 drilling rig (the “**Rig**”). Upon termination of the Drilling Agreement, the total amount payable to JDC by CGX Resources is U.S.\$20,508,307.58 (the “**JDC Payable**”). Pursuant to the terms of a settlement term sheet entered into between the Company, CGX Resources and JDC dated August 28, 2015, the JDC Payable will be paid as

follows: (i) U.S.\$5.5 million payable in common shares in the capital of the Company (“**Common Shares**”); (ii) U.S.\$500,000 on or before December 1, 2015; (iii) U.S.\$7.25 million on or before March 25, 2016; and (iv) U.S.\$7.25 million on or before June 15, 2016. The total amount of the JDC Payable is subject to adjustment based upon the demobilization fees under the Drilling Agreement. JDC will be issued 16,522,500 Common Shares (the “**JDC Settlement Shares**”) at a price of Cdn.\$0.44 per share resulting in JDC owning approximately 15% of the Company on a non-diluted basis, which represents a 10% premium to the thirty day volume weighted average trading price of the Common Shares on the TSXV.

Subject to the approval of the TSX Venture Exchange (the “**TSXV**”), the JDC Settlement Shares will be issued in two tranches as follows: (i) 9,292,687 Common Shares to be issued after a definitive settlement agreement is entered into between the Company, CGX Resources and JDC; and (ii) 7,229,813 Common Shares to be issued upon clearance of JDC’s Personal Information Form by the TSXV and any other conditions required by the TSXV. The JDC Settlement Agreement also provides for a parent guarantee from the Company to JDC in respect of the JDC Payable. As a result of the much lower prices for rigs currently available, the Company is of the view that notwithstanding the JDC Payable, drilling the next exploration well offshore Guyana on the Corentyne Block will ultimately cost approximately the same as under the Drilling Agreement.

- **Rig Sharing Agreement Termination** – As a result of the termination of the Rig Sharing Agreement, CGX Resources owes U.S.\$2,869,894 to INPEX for shared costs incurred in the utilization of the Rig. INPEX has agreed to defer payment until December 1, 2015.
- **Cost Cutting Initiatives** – General and administration costs decreased by \$12,745 to \$786,363 in the six month period ended June 30, 2015 from \$799,108 for the same period in 2014. These costs are consistent with the prior year and are a continued result of an overall cost cutting initiative undertaken by the Company in the latter half of 2013 driven by the reduction in non-essential staff and purchases. The Company expects these costs to decrease further in the third quarter. As noted in the Company’s MD&A, the ability of the Company to continue as a going concern is dependent on securing additional financing through issuing additional equity, debt instruments or the sale of Company’s assets and/or to obtain a joint venture partner. Given the Company’s capital commitment requirements associated with its petroleum prospecting licenses and the aforementioned penalties, the Company does not have sufficient cash flow to meet its operating requirements for the next twelve months.

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 Annual Information Form dated April 29, 2015 filed 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.

For further information, please contact:

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