



## Cub Energy Inc. Reports Year-End Reserves for 2019

Houston, Texas – March 27, 2020 – Cub Energy Inc. (“Cub” or the “Company”) (TSX-V: KUB) announces the results of its independent reserves evaluations as of December 31, 2019 on its oil and gas properties in Ukraine. The evaluation of KUB-Gas LLC (“KUB-Gas”) properties (35% WI) was conducted by Ryder Scott Petroleum Consultants (“Ryder Scott”), an independent qualified reserves evaluators and auditor (“Reserves Report”).

The Tysgaz LLC (“Tysgaz”) property (100% WI) was subject to a Reserve Report in prior years but given the RK field hasn’t had material production since April 1, 2016, Ryder Scott only assigned contingent resources in place of reserves. This had a material impact on Cub’s reported reserves as at December 31, 2019 without the RK field reserves. Should the Company be able to recommence material production on the RK field, it can be re-evaluated for a reserve classification.

All evaluations were prepared using guidelines outlined in the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”) and are in accordance with Canadian Securities Administrators National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities (“NI 51-101”). Cub’s NI 51-101 disclosure is contained in its Annual Information Form for the year ended December 31, 2019 filed on SEDAR [www.sedar.com](http://www.sedar.com) and posted on the Company’s website at [www.cubenergyinc.com](http://www.cubenergyinc.com). All dollar amounts are expressed in United States Dollars unless otherwise noted. Highlights of the net reserves<sup>(2)</sup> are below:

- Proved developed producing (“PDP”) oil and natural gas net reserves of 226 thousand barrels of oil equivalent (“Mboe”) or 1,358 million cubic feet of gas equivalent (“MMcfe”) with Net Present Value at 10% discount before tax (“NPV-10”) of US \$4.6 million (CAD\$0.02 per share)<sup>(1)</sup>
- Proved (“1P”) oil and natural gas net reserves of 369 Mboe or 2,211 MMcfe with NPV-10 of US \$6.0 million (CAD\$0.02 per share)<sup>(1)</sup>
- Proved and probable (“2P”) oil and natural gas net reserves of 675 Mboe or 4,014 MMcfe with NPV-10 of US \$9.2 million (CAD\$0.04 per share)<sup>(1)</sup>

Notes:

(1) The per share amounts are calculated by dividing the respective NPV-10 before tax numbers by the number of common shares issued and outstanding shares, being 314,215,355

(2) Reserves net to the Company’s interest after deduction of royalties

## Total Company Reserves Summary

The following tables summarise the total Company reserves and associated net present values discounted at 10% before tax at December 31, 2019 using forecast prices.

**Table 1 - Total Company Net Reserves Volumes <sup>(1)(2)</sup>**

Reserves Category	Natural Gas (MMcf)	NGL's (Mbbbls)	Mboe	MMcfe
Developed producing	1,319	7	226	1,358
Developed non-produced	851	-	143	853
<b>Total Proved (1P)</b>	<b>2,170</b>	<b>7</b>	<b>369</b>	<b>2,211</b>
<b>Total Proved plus Probable (2P)</b>	<b>3,934</b>	<b>13</b>	<b>675</b>	<b>4,014</b>

Notes:

- (1) See "Oil and Gas Equivalents" below
- (2) Reserves net to the Company's interest after deduction of royalties

**Table 2 - Net Present Value at 10% discount before tax ("NPV-10") <sup>(1)(2)(3)</sup>**

Notes:

- (1) The forecast prices used in the calculations of the present value of future net revenue for year-ended December 31, 2019 are based on the

Reserves Category	NPV-10 (US\$ Millions)
Proved Developed Producing (PDP)	\$4.6
Total Proved (1P)	\$6.0
Total Proved plus Probable (2P)	\$9.2

Reserves Report of Eastern Ukraine asset forecast prices.

- (2) Estimated values do not represent fair market value.
- (3) The total proved NPV-10 value of the estimated future net revenues are not intended to represent the current market value of the estimated oil and natural gas reserves. NPV-10 of probable reserves represent the present value of estimated future revenues to be generated from the production of probable reserves, calculated net of estimated lease operating expenses, production taxes and future development costs, using costs as of the date of estimation and using estimated future gas prices, without giving effect to non-property related expenses such as general and administrative expenses, debt service, and depreciation, depletion, and amortization, or future income taxes and discounted using an annual discount rate of 10%. With respect to pre-tax NPV-10 amounts for probable reserves, they do not purport to present the fair value of our probable reserves.

## Oil and Gas Equivalents

A barrel of oil equivalent ("boe") or units of natural gas equivalents ("Mcf") is calculated using the conversion factor of 6 Mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. A boe conversion ratio of 6 Mcf: 1 bbl (barrel) or a Mcfe conversion of 1bbl: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value. The disclosure in this press release is prepared in accordance with NI 51-101 standards.

## **Reserves Classifications**

"Gross Reserves" are the Company's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.

## **Defined Terms**

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied.

Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

"Proved Reserves" are reserves that can be estimated with a high degree of certainty to be recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations.

"Probable Reserves" are those additional Reserves that are less certain to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

"Contingent Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.

## **About Cub Energy Inc.**

Cub Energy Inc. (TSX-V: KUB) is an upstream oil and gas company, with a proven track record of exploration and production cost efficiency in Ukraine. The Company's strategy is to implement western technology and capital, combined with local expertise and ownership, to increase value in its undeveloped land base, creating and further building a portfolio of producing oil and gas assets within a high pricing environment.

For further information please contact us or visit our website: [www.cubenergyinc.com](http://www.cubenergyinc.com)

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## Reader Advisory

*Except for statements of historical fact, this news release contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Cub believes that the expectations reflected in the forward-looking information are reasonable; however, there can be no assurance those expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.*

*Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Ukraine; political unrest and security concerns in Ukraine; industry conditions, including fluctuations in the prices of natural gas; governmental regulation of the natural gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for natural gas; liabilities inherent in natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the natural gas industry; failure to realise the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*This cautionary statement expressly qualifies the forward-looking information contained in this news release. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

*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.*