



## News Release

### Cub Energy Announces Third Quarter Results

Houston, Texas and Calgary, Alberta – November 29, 2021 – Cub Energy Inc. (“**Cub**” or the “**Company**”) (**TSX-V: KUB**), a Ukraine-focused energy company, announced today its unaudited financial and operating results for the interim nine months ended September 30, 2021. All dollar amounts are expressed in United States Dollars unless otherwise noted. This update includes results from Kub-Gas LLC (“**Kub-Gas**”), which Cub has a 35% equity ownership interest, Tysagaz LLC (“**Tysagaz**”), Cub’s 100% owned subsidiary and CNG LLC (“**CNG**”), which Cub has a 50% equity ownership interest.

Patrick McGrath, CEO of Cub said: “*We are pleased to report \$2,138,000 or \$0.01 per share in net income during the nine months ended September 30, 2021. The increase in the price of natural gas was the primary contributor to the 2021 financial results. Cub also signed a letter agreement for the sale of its 35% equity interest in Kub-Gas for deemed consideration of \$10.6 million. The proposed sale will deleverage Cub’s balance and allow Cub to focus on its 100% owned assets and new opportunities.*”

#### Operational Highlights

- Achieved average natural gas price of \$7.66/Mcf and condensate price of \$69.16/bbl during the nine months ended September 30, 2021 as compared to \$3.59/Mcf and \$40.33/bbl for the comparative 2020 period.
- Production averaged 513 boe/d (97% weighted to natural gas and the remaining to condensate) for the nine months ended September 30, 2021 as compared to 638 boe/d for the comparative 2020 period
- The power business generated 5,546 megawatts an hour (“MWh”) from the Jenbacher power units in Western Ukraine for the period of commencement in mid May 2021 to September 18, 2021 at an average price of \$71/MWh. Due to the recent material increase in natural gas prices and no parallel increase in power prices, the Company has increased its sales of natural gas at the RK field and temporarily suspended the power business as of September 18, 2021 as this strategy is more profitable at present. The Company will continue to monitor the prices of both commodities and utilize whichever one produces the better return for shareholders.
- On September 7, 2021, the Company announced it had entered into a letter agreement to sell its 35% interest in KUB-Gas for a cash payment of \$2,600,000 and settlement of approximately \$8,000,000 in debt for total deemed consideration of approximately \$10,600,000. The closing of the transaction is subject to the parties entering into a definitive agreement and regulatory approval.
- The Company continues to work towards closing the sale of its 50% interest in CNG Holdings, which indirectly owns the Uzhgorod licence in western Ukraine. In consideration, the Company is to receive €800,000 for its 50% interest in CNG Holdings. The consideration consists of €600,000 in cash on closing and €200,000 is a contingent payment on certain future events including a commercial discovery. The closing is subject to certain conditions including Ukraine regulatory approval.

#### Financial Highlights

- The gross profit on the Company’s gas trading business increased to \$2,311,000 during the nine months ended September 30, 2021 as compared to \$899,000 in gross profit in the comparative 2020 period.

- The Company reported net income of \$2,138,000 or \$0.01 per share during the nine months ended September 30, 2021 as compared to a net loss of \$2,274,000 or \$0.01 per share during the comparative 2020 period.
- Netbacks of \$22.90/boe or \$3.82/Mcfe were achieved for the nine months ended September 30, 2021 as compared to netback of \$9.13/Boe or \$1.52/Mcfe for the nine month comparative period in 2020.

(in thousands of US Dollars)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenue from gas trading	2,698	1,255	6,180	4,382
Pro-rata petroleum and natural gas revenue <sup>(1)</sup>	2,089	659	4,498	2,713
Revenue from sale of electricity	281	-	459	-
Petroleum and natural gas revenue	114	37	305	146
Net income (loss)	1,392	(374)	2,138	(2,274)
Income (loss) per share – basic and diluted	0.00	(0.00)	0.01	(0.01)
Funds generated from (used in) operations	330	(232)	1,414	(325)
Capital expenditures <sup>(2)</sup>	-	-	352	-
Pro-rata capital expenditures <sup>(2)</sup>	146	-	601	869
Pro-rata netback (\$/boe)	31.00	9.11	22.90	9.13
Pro-rata netback (\$/Mcfe)	5.17	1.52	3.82	1.52

	September 30, 2021	December 31, 2020
Cash and cash equivalents	5,385	4,424

Notes:

- (1) Pro-rata petroleum and natural gas revenue is a non-IFRS measure that adds the Company's petroleum and natural gas revenue earned in the respective periods to the Company's 35% equity share of the KUB-Gas natural gas sales that the Company has an economic interest in.
- (2) Capital expenditures includes the purchase of property, plant and equipment and the purchase of exploration and evaluation assets. Pro-rata capital expenditures are a non-IFRS measure that adds the Company's capital expenditures in the respective periods to the Company's 35% equity share of the KUB-Gas and 50% equity share of CNG Holdings capital expenditures that the Company has an economic interest in.
- (3) For purposes of the pro-rata netback calculation, the Company's profit from gas trading is added to the revenue of Kub-Gas to better reflect the true natural gas price achieved and field netback.

### **Reader Advisory**

With the current cash resources, negative working capital, fluctuating commodity prices, currency fluctuations, reliance on a limited number of customers, the Company may not have sufficient cash to continue the exploration and development activities. These matters raise significant doubt about the ability of the Company to continue as a going concern and meet its obligations as they become due.

### **Supporting Documents**

Cub's complete interim reporting package, including the unaudited consolidated interim financial statements and associated Management's Discussion and Analysis, have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and has been posted on the Company's website at [www.cubenergyinc.com](http://www.cubenergyinc.com).

### **About Cub Energy Inc.**

Cub Energy Inc. (TSX-V: KUB) is a power and 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 assets within a high commodity price environment. For further information please contact us or visit our website: [www.cubenergyinc.com](http://www.cubenergyinc.com)

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### **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.

*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, the Black Sea Region and globally; political unrest and security concerns in Ukraine; industry conditions, including fluctuations in the prices of natural gas, power and foreign currency; 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 fourth 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 realize 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.*