



## Cub Energy Inc. Reports Year-End Reserves for 2020

Houston, Texas – March 31, 2021 – Cub Energy Inc. (“Cub” or the “Company”) (TSX-V: KUB) announces the results of its independent reserves evaluations as of December 31, 2020 on its oil and gas properties in Ukraine. The evaluation was performed on the Company’s 35% working interest in KUB-Gas LLC (“KUB-Gas”) and was conducted by Ryder Scott Petroleum Consultants (“Ryder Scott”), an independent qualified reserves evaluators and auditor (“Reserves Report”).

The 100% owned RK field, held by the Company’s wholly-owned subsidiary Tysgaz LLC, was not subject to a Reserve Report in 2020 given the Company is awaiting the commencement of commercial production at the power generation project which will utilize the gas at the RK field. The Company expects to re-evaluate the reserve category of the RK field in 2021.

Patrick McGrath, Interim CEO of Cub said: “*The natural gas price assumptions in the 2020 reserve report were approximately 15%-20% lower than the World Bank forecasts for the same period which had a negative impact on the value of the 2020 reserve results. However, to date in 2021, the Company has seen the price of natural gas in Ukraine rebound to the \$5/Mcf-\$6/Mcf range. In addition, the Company hopes to have its RK field re-evaluated to a reserve category in 2021 upon the material re-start of the RK field.*”

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 for the year ended December 31, 2020 is in its Form 51-101 F1 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 are below:

### 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, 2020 using forecast prices.

#### Total Company Net Reserves Volumes <sup>(1)(2)</sup>

Reserves Category	Natural Gas (MMcf)	NGL’s (Mbbbls)	Mboe	MMcfe
Developed producing	1,090	6	188	1,126
Developed non-produced	760	-	127	760
<b>Total Proved (1P)</b>	<b>1,850</b>	<b>6</b>	<b>315</b>	<b>1,886</b>
<b>Total Proved plus Probable (2P)</b>	<b>2,610</b>	<b>9</b>	<b>451</b>	<b>2,664</b>

Notes:

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

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

<b>Reserves Category</b>	<b>NPV-10 (US\$ Millions)</b>
Proved Developed Producing (PDP)	\$2.2
Total Proved (1P)	\$2.9
Total Proved plus Probable (2P)	\$4.3

Notes:

- (1) The forecast prices used in the calculations of the present value of future net revenue for year-ended December 31, 2020 are based on the 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 1 bbl: 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 those reserves that can be estimated with a high degree of certainty to be recoverable. There is a 90% probability that the actual remaining quantities recovered will exceed the estimated proved reserves.

“Probable” reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

### **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 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.*