

# Cub Energy Announces First Quarter Results

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HOUSTON, May 26, 2021 - [Cub Energy Inc.](#) ("Cub" or the "Company") (TSXV:KUB), a Ukraine-focused energy company, announced today its unaudited financial and operating results for the three months ended March 31, 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, Interim CEO of Cub said: "We are pleased to report \$709,000 in profit from our gas trading business during the first quarter which resulted in the Company reporting net income of \$263,000 for the three months ended March 31, 2021. The key driver in the financial performance was the increase in the natural gas price to \$5.90/mcf during the current quarter. We also had operational success with the installation of the two Jenbacher power units and achieved commercial power generation mid-way through the second quarter of 2021."

## Operational Highlights

- Achieved average natural gas price of \$5.90/Mcf and condensate price of \$67.86/bbl during the three months ended March 31, 2021 as compared to \$3.45/Mcf and \$36.251/bbl for the comparative 2020 period. The increase is due, in large part, to a colder European winter and the lessening global impacts of COVID-19 on commodity prices
- Production averaged 555 boe/d (97% weighted to natural gas and the remaining to condensate) for the three months ended March 31, 2021 as compared to 646 boe/d for the 2020 period.
- The Company's two Jenbacher power units were installed in the first quarter of 2021 and commenced commercial production subsequent to the quarter end. The power generation units have the capacity to produce as much as 3 megawatts ("MW") of power and utilize the Company's wholly-owned RK gas field.
- On April 30, 2021, the Company announced it had entered into a share purchase agreement ("SPA") to sell its 50% interest in CNG Holdings, which indirectly owns the Uzghorod licence in western Ukraine. In consideration, the Company is to receive \$8364,800,000 (US \$970,000) for its 50% interest in CNG Holdings. The consideration consists of \$8364,600,000 (US \$728,000) in cash on closing and \$8364,200,000 (US \$242,000) 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 \$709,000 during the three months ended March 31, 2021 as compared to \$134,000 in gross profit in the comparative 2020 period.
- The Company reported net income of \$263,000 or \$0.00 per share during the three months ended March 31, 2021 as compared to a net loss of \$706,000 or \$0.00 per share during the 2020 comparative period.
- Netbacks of \$17.31/boe or \$2.88/Mcfe were achieved for the three months ended March 31, 2021 as compared to netback of \$5.40/Boe or \$0.90/Mcfe for the 2020 first quarter.

(in thousands of US Dollars)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
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Petroleum and natural gas revenue	94	66
Pro-rata petroleum and natural gas revenue <sup>(1)</sup>	1,144	1,262
Revenue from gas trading	1,653	2,204
Net income (loss)	263	(706)
Income (loss) per share - basic and diluted	0.00	(0.00)
Funds generated from (used in) operations	16	350
Capital expenditures <sup>(2)</sup>	134	-
Pro-rata capital expenditures <sup>(2)</sup>	134	851
Pro-rata netback (\$/boe) <sup>(3)</sup>	17.31	5.40
Pro-rata netback (\$/Mcf) <sup>(3)</sup>	2.88	0.90
	March 31,	December 31,
	2021	2020
Cash and cash equivalents	4,205	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.](http://www.cubenergyinc.com) (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.

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