



News Release

Cub Energy Announces Third Quarter 2022 Results

Calgary, Alberta – October 25, 2022 – Cub Energy Inc. (“Cub” or the “Company”) (TSX-V: KUB), announced today its unaudited financial and operating results for the nine months ended September 30, 2022. All dollar amounts are expressed in United States Dollars unless otherwise noted.

Patrick McGrath, CEO of Cub said: “Cub finished the quarter ended September 30, 2022 with \$7,211,000 cash on hand, working capital of \$7,194,000 and no debt. The Company is currently evaluating the alternatives for its working capital, including a possible return of capital to shareholders or investing in new opportunities.”

Operational Highlights

- On February 2, 2022, the Company closed the sale of its 35% interest in KUB Holdings Limited (“KUB Holdings”) and received a cash payment of \$2,600,000. In conjunction with closing, the Company received the final cash dividend of \$2,046,000 and repaid the final loan balance to a subsidiary of KUB Holdings in the amount of \$2,481,000 as part of the final debt settlement between the parties.
- On July 29, 2022, the Company signed a definitive Share Sale and Purchase Agreement (“SPA”) for the sale of its 100% interest in 3P International Energy Ltd (“3P”) and its wholly-owned Ukraine subsidiary, Tysagaz LLC (“Tysagaz”). Tysagaz owns the RK field in western Ukraine. The sale was for nominal consideration of \$1 and the buyer assumed all of 3P’s and Tysagaz’ liabilities including the bank loan and all reclamation liabilities. The buyer group was two officers of the Company, Eugene Chaban, the Company’s Chief Financial Officer and Sergey Panchuk, the Company’s former Chief Operating Officer. The sale closed on August 17, 2022.
- Achieved average natural gas price of \$25.49/Mcf during the nine months ended September 30, 2022 as compared to \$7.80/Mcf for the comparative 2021 period. Regional pricing materially improved in Ukraine period over period although the 2022 Ukraine gas price was subject to a material discount to European pricing.
- Production averaged 20 boe/d for the nine months ended September 30, 2022 as compared to 513 boe/d for the comparative 2021 period. Production decreased due to the sale of the Company’s 35% equity investment in KUB Holdings.
- The TSX Venture Exchange has provided a notice to the Company that its listing has been transferred from Tier 1 to Tier 2 status and the Company will be moved to the NEX if it does not meet continued listing requirements by November 30, 2022.

Financial Highlights

- The Company reported a net loss of \$155,000 or \$0.00 per share during the nine months ended September 30, 2022 as compared to net income of \$2,138,000 or \$0.01 per share during the comparative 2021 nine months. The Company’s revenues and income were materially impacted in 2022 by the sale of KUB Holdings which was the primary contributor to the financial performance of the Company historically.
- Netbacks of \$49.38/boe or \$8.23/Mcfe were achieved for the nine months ended September 30, 2022 as compared to netback of \$22.90/Boe or \$3.82/Mcfe for the comparative 2021 period.

(in thousands of US Dollars)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Petroleum and natural gas revenue	124	114	948	305
Revenue from gas trading	-	2,698	-	6,180
Revenue from sale of electricity	-	281	-	459
Net income (loss)	599	1,392	(155)	2,138
Income (loss) per share	0.00	0.00	(0.00)	0.01
Netback (\$/boe) ⁽¹⁾	11.16	31.00	49.38	22.90
Netback (\$/Mcf) ⁽¹⁾	1.86	5.17	8.23	3.82
	September 30, 2022	December 31, 2021		
Working capital	7,194	8,128		
Cash and cash equivalents	7,211	7,368		

Notes:

- (1) For purposes of the pro-rata netback calculation in 2021, 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.

Supporting Documents

Cub's complete interim reporting package, including the unaudited consolidated financial statements and associated Management's Discussion and Analysis, have been filed on SEDAR (www.sedar.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.

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are 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. Forward-looking statements are 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 projected in the forward-looking statements. The Company cannot assure that actual results will be consistent with these

forward-looking statements. They are made as of the date hereof and are subject to change and the Company assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the resource industry.

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.