

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. Accordingly, these securities may not be offered, sold or delivered, directly or indirectly, within the United States (as defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Wally Rudensky, the Chief Financial Officer of the Corporation, at Suite 1000, 36 Toronto Street, Toronto, Ontario, M5C 2C5, telephone (416) 613-3100, and are also available electronically at www.sedar.com. See "Documents Incorporated by Reference".

SHORT FORM PROSPECTUS

New Issue

December 7, 2012



Up to \$12,500,000
Up to 31,250,000 common shares
\$0.40 per common share

This short form prospectus qualifies the distribution (the "Offering") of up to 31,250,000 common shares (the "Offered Shares") of Cub Energy Inc. ("Cub" or the "Corporation") at a price of \$0.40 per Offered Share (the "Offering Price"). See "Plan of Distribution".

The outstanding common shares (the "Common Shares") of the Corporation are listed and posted for trading on the TSX Venture Exchange (the "TSXV") under the symbol "KUB". On December 6, 2012, the last complete trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was \$0.39. The TSXV has conditionally approved the listing of the Offered Shares (including the Common Shares issuable pursuant to the Agents' Option (as defined herein)) on the TSXV. Such listing will be subject to the Corporation fulfilling all of the requirements of the TSXV.

The Offering Price was determined by negotiations among Cub and GMP Securities Europe LLP, GMP Securities L.P. (together, "GMP") and Canaccord Genuity Corp. (collectively with GMP, the "Lead Agents"), on their own behalf and on behalf of a syndicate of agents including Cormark Securities Inc. and Casimir Capital Ltd. (collectively, with the Lead Agents, the "Agents").

	Price to the Public	Agents' Fee ⁽¹⁾	Net Proceeds to the Corporation ⁽¹⁾⁽²⁾
Per Offered Share.....	\$0.40	\$0.02	\$0.38
Total ⁽³⁾⁽⁴⁾	\$12,500,000	\$625,000	\$11,875,000

Notes:

- (1) Upon Closing (as defined herein), the Corporation will pay the Agents a cash commission equal to 5% of the gross proceeds of the Offering (the "Agents' Fee"). See "Plan of Distribution".
- (2) Assuming the Offering is fully subscribed and before deducting expenses of the Offering, estimated to be \$500,000, which will be paid from the general funds of the Corporation.
- (3) The Corporation has granted the Agents an option (the "Agents' Option") to offer up to 6,250,000 additional Common Shares at the Offering Price per Common Share, on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of the Agents, at any time up to 48 hours prior to the Closing Date (as defined herein). If the Agents' Option is exercised in full, the total offering, Agents' Fee and net proceeds to the Corporation (before deducting expenses of the total Offering) will be \$15,000,000, \$750,000 and \$14,250,000 respectively. This short form prospectus qualifies both the grant of the Agents' Option and the distribution of the Common Shares issuable upon exercise of the Agents' Option. See "Plan of Distribution". Where the context

requires, references to the "Offering" and "Offered Shares" include the Agents' Option and the Common Shares issuable upon exercise thereof.

- (4) Assuming no exercise of the Agents' Option.

The following table sets forth the number of Common Shares that may be issued by the Corporation pursuant to Agents' Option:

<u>Agents' Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Agents' Option	Up to 6,250,000 Common Shares, if exercised in full	At any time up to 48 hours prior to the date of closing of the Offering	\$0.40 per Common Share

The Offering is not underwritten or guaranteed by any person. Pursuant to the terms of an agency agreement dated effective as of December 7, 2012 between the Corporation and the Agents (the "**Agency Agreement**"), the Agents conditionally offer the Offered Shares, on a commercially reasonable "best efforts" basis, if, as and when issued by the Corporation in accordance with the Agency Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Bennett Jones LLP and on behalf of the Agents by Torys LLP. In connection with this Offering, subject to applicable laws, the Agents may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about December 17, 2012 or such other date as the Corporation and the Agents may agree, but in any event not later than 90 days from the date of the receipt for this short form prospectus (the "**Closing Date**"). Subject to certain exceptions, including in the case of purchasers in the United States (who will receive individual physically certificated securities), at the Closing, the Offered Shares distributed under this short form prospectus will be available for delivery through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and will be deposited with CDS on the Closing Date. Such purchasers receiving delivery through CDS will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Offered Shares are purchased and shall not have the right to receive physical certificates evidencing their ownership of such securities.

An investment in the Offered Shares offered hereunder is speculative and involves a high degree of risk. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing. The risk factors identified under the headings "Risk Factors" and "Forward Looking Information" or incorporated by reference into this short form prospectus should be carefully reviewed and evaluated by prospective investors before purchasing any Offered Shares being offered hereunder. See "*Risk Factors*."

The head and registered office of the Corporation is located at Suite 1000, 36 Toronto Street, Toronto, Ontario, M5C 2C5.

Messrs. Afendikov and Mermoud reside outside of Canada and although Messrs. Afendikov and Mermoud have appointed Bennett Jones LLP, 4500, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7, as their agent for service of process in the provinces of Alberta, British Columbia and Ontario, it may not be possible for investors to enforce judgments obtained in Canada against Messrs. Afendikov and Mermoud.

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GLOSSARY

In this short form prospectus, the following terms have the meanings set forth below.

"**Agency Agreement**" means the agency agreement dated effective as of December 7, 2012 among the Corporation and the Agents.

"**Agents**" means, collectively, the Lead Agents, Cormark Securities Inc. and Casimir Capital Ltd.

"**Agents' Fee**" means 5% of the gross proceeds of the Offering.

"**Agents' Option**" means the option granted to the Agents to purchase up to 6,250,000 additional Common Shares at the Offering Price per Common Share, on the same terms and conditions of the Offering, exercisable in whole or in part, at the sole discretion of the Agents, at any time up to 48 hours prior to the Closing Date.

"**AIF**" means the amended and restated annual information form of the Corporation dated November 9, 2012 for the year ended June 30, 2011, updated where applicable to June 30, 2012.

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time, including the regulations promulgated thereunder.

"**Closing**" means the closing of the Offering.

"**Closing Date**" means the date of Closing.

"**Common Shares**" means common shares in the capital of the Corporation.

"**CPC**" means a capital pool company as defined in TSXV Exchange Policy 2.4 – *Capital Pool Companies*.

"**Cub**" or the "**Corporation**" means Cub Energy Inc., a corporation continued under the CBCA.

"**Cub Board**" means the board of directors of Cub, as constituted from time to time.

"**Gastek**" means Gastek LLC, a limited liability company formed in the State of California.

"**Gastek-Cub Transaction**" means the reverse takeover business combination of Gastek and Cub whereby Cub issued 123,278,089 Common Shares to Pelicourt, the sole holder of units of Gastek, in exchange for all of the outstanding units of Gastek and Gastek thereby became a wholly-owned subsidiary of Cub.

"**GMP**" means together, GMP Securities Europe LLP and GMP Securities L.P.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board and IFRS Interpretations Committee.

"**KOL Cyprus**" means Kulczyk Oil Ventures Limited, a company governed by the laws of Cyprus, being a wholly-owned subsidiary of Kulczyk.

"**Kub-Gas**" means Kub-Gas LLC, a limited liability company governed by the laws of Ukraine, being a wholly-owned subsidiary of Kubgas Holdings.

"**Kubgas Holdings**" means Kubgas Holdings Limited, a company governed by the laws of Cyprus, which is 30% owned by Gastek and 70% owned by KOL Cyprus.

"**Kulczyk**" means Kulczyk Oil Ventures Inc., an Alberta corporation headquartered in Calgary, a reporting issuer in three Canadian provinces, with shares listed on the Warsaw Stock Exchange and arm's length to Cub. Kulczyk is the parent company of KOL Cyprus.

"**Lead Agents**" means collectively, GMP and Canaccord Genuity Corp.

"**OBCA**" means the *Ontario Business Corporations Act*, R.S.O. 1990, c. B-16, as amended from time to time, including the regulations promulgated thereunder.

"**Offered Shares**" means up to 31,250,000 Common Shares issued pursuant to the Offering and, where the context requires, the 6,250,000 Common Shares issuable upon exercise of the Agents' Option.

"**Offering**" means the offering by the Corporation of up to 31,250,000 Common Shares pursuant to this short form prospectus, and, where the context requires, includes the Agents' Option.

"**Offering Price**" means \$0.40 per Offered Share.

"**Options**" means the options exercisable to acquire Common Shares of Cub.

"**Pelicourt**" means Pelicourt Limited, a corporation governed by the laws of Cyprus.

"**RPS**" means RPS Energy Consultants Limited, an engineering consulting firm.

"**Shareholders**" means the holders from time to time of Common Shares.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended.

"**TSXV**" means the TSX Venture Exchange Inc.

"**Tysagaz**" means JSC Tysagaz, a wholly-owned subsidiary of Cub governed by the laws of Ukraine;

"**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

All dollar amounts set forth in this short form prospectus are in Canadian dollars, except where otherwise indicated.

SELECTED ABBREVIATIONS

In this short form prospectus, the following abbreviations have the meanings set forth below.

Crude Oil and Natural Gas Liquids

Bbl(s)	Barrel(s)
Boe/d	barrels of oil equivalent per day (on the basis of 6 Mcf of natural gas to 1 Bbl of oil)

Natural Gas

Mcf	thousand cubic feet
MMcf/d	million cubic feet per day

Other

km	kilometres
km ²	square kilometres
TD	total depth
USD	United States dollars

Disclosure provided in this short form prospectus for barrels of oil equivalent (Boe) may be misleading, particularly if used in isolation. A Boe conversion ratio of six Mcf to one Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of six to one, utilizing a Boe conversion ratio of six Mcf to one Bbl may be misleading as an indication of value.

FORWARD-LOOKING INFORMATION

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference into this short form prospectus, constitute forward-looking statements under applicable securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will" or similar words suggesting future outcomes or language suggesting an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this short form prospectus, as the case may be, should not be unduly relied upon.

Forward-looking statements and information in this short form prospectus, and in certain documents incorporated by reference into this short form prospectus, include, but are not limited to, statements with respect to:

- the expected size of and use of proceeds from the Offering;
- the obtaining of all required regulatory approvals in connection with the Offering;
- the Closing Date of the Offering;
- drilling plans and timing of drilling;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- drilling, completion and facilities costs;
- results of various projects of the Corporation;
- growth expectations of the Corporation;
- access to attractive investment opportunities and success in bidding for and procuring new assets;
- timing of development of undeveloped reserves;
- the performance and characteristics of the Corporation's oil and natural gas properties;
- the quantity and quality of oil and natural gas reserves and resources;
- capital expenditure programs;
- supply and demand for oil and natural gas and commodity prices;
- foreign currency exchange rates and interest rates;
- the impact of governmental regulation on the Corporation relative to other oil and gas companies of similar size;
- expected levels of royalty rates, operating costs, general administrative costs, costs of services and other costs and expenses;
- expectations regarding the Corporation's ability to raise capital and to continually replace production, add to reserves and resources through development and exploration drilling and through acquisitions;
- treatment under governmental regulatory regimes and tax laws; and
- realization of the anticipated benefits of acquisitions and dispositions.

Statements relating to "reserves" or "resources" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, including that the reserves and resources

described can be profitably produced in the future. See Exhibit "I" "*Statement of Reserves Data and Other Oil and Gas Information*" of the AIF.

Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to the Corporation and others that apply to the oil and gas industry generally.

Although the Corporation believes that the assumptions and expectations reflected in the forward-looking statements and information are reasonable, there can be no assurance that such assumptions and expectations will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Corporation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. The factors or assumptions on which the forward-looking information is based include:

- the success of the Corporation's operation and exploration and development activities;
- the legislative and regulatory environments of the jurisdictions where the Corporation carries on business or has operations;
- commodity prices;
- the Corporation's projected capital investment levels;
- the flexibility of capital spending plans and the associated source(s) of funding;
- the expertise of management of the Corporation in contributing to increased production volumes and the success and revenues of the Corporation; and
- estimates of quantities of oil and natural gas from properties and other sources not currently classified as proved reserves.

Some of the risks and other factors, some of which are beyond the Corporation's control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this short form prospectus include, but are not limited to:

- the Corporation's inability to raise sufficient proceeds in the future given its substantial capital requirements;
- changes in general economic, market and business conditions in Ukraine, Canada, the United States and worldwide;
- competition within the oil and natural gas industry for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- environmental risks and hazards associated with the oil and gas industry;
- adverse weather conditions in areas where the Corporation conducts operations;
- variations in foreign exchange rates and interest rates;
- the availability of certain equipment and services and the Corporation's access to such equipment and services;
- risks associated with economies in the countries in which the Corporation operates;
- the early stage of the Corporation's operations;
- risks associated with the exploration, development and production of the Corporation's interests, including geological, technical, drilling and processing problems and other difficulties in producing reserves and failure to realize anticipated benefits of exploration activities;
- the effects of regulation (including environmental regulation) in the countries in which the Corporation operates;

- risk of the effect of relinquishment obligations under the terms of the Corporation's production sharing arrangements and the governmental regulatory regime;
- risks associated with the Corporation's reliance on its third party operators;
- the Corporation's ability to maintain effective internal controls over financial reporting of the Corporation's operations in Ukraine;
- uncertainties regarding the interpretation and application of foreign laws and regulations; and
- other factors described further in "*Risk Factors*".

Readers are cautioned that the foregoing lists are not exhaustive. The factors and risks set out in these lists are difficult to predict and the assumptions used in the development of the forward-looking information contained herein, although considered reasonably accurate at the time of development, may prove to be incorrect or incomplete. Furthermore, the forward-looking statements and information contained in, and incorporated by reference into, this short form prospectus are made as of the date hereof, and the Corporation undertakes no obligation, except as required by applicable securities laws, to update publicly or to revise any of the included forward-looking statements and information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained herein are expressly qualified by this cautionary statement.

NON-IFRS MEASURES

Cash flow from operations and operating netbacks are not recognized measures under IFRS. Management believes that cash flow from operations and operating netbacks are useful supplemental measures as they demonstrate the Corporation's ability to generate the cash necessary to repay debt or fund future growth through capital investment. Readers are cautioned, however, that these measures should not be construed as an alternative to net income determined in accordance with IFRS as an indication of the Corporation's performance. The Corporation's method of calculating these measures may differ from other companies and accordingly they may not be comparable to measures used by other companies. For these purposes, the Corporation defines cash flow from operations as cash provided by operations before changes in non-cash operating working capital and asset retirement obligations and operating netbacks are defined as revenue less royalties, operating and transportation expenses.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in British Columbia, Alberta and Ontario. Copies of the documents incorporated herein by reference may be obtained on request without charge from Wally Rudensky, the Chief Financial Officer of the Corporation, at Suite 1000, 36 Toronto Street, Toronto, Ontario, M5C 2C5, telephone (416) 613-3100. These documents are also available through the internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed at www.sedar.com.

The following documents, filed with the securities commissions or similar authorities in British Columbia, Alberta and Ontario, are specifically incorporated by reference in, and form an integral part of, this short form prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this short form prospectus or in any other subsequently filed document that is also incorporated by reference in this short form prospectus:

- (a) the AIF;
- (b) the Form 51-101F2 dated October 1, 2012 and filed on November 13, 2012;
- (c) the audited consolidated financial statements of the Corporation as at and for the years ended June 30, 2011 and 2010, dated October 24, 2011, together with the notes thereto and the auditor's report thereon;
- (d) the management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of the Corporation for the year ended June 30, 2011, dated as of October 28, 2011;

- (e) the unaudited condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2012 together with the notes thereto, dated November 26, 2012;
- (f) the MD&A of the financial condition and results of operations of the Corporation for the three and nine months ended September 30, 2012, dated November 26, 2012;
- (g) the material change report dated April 12, 2012 in respect of the Gastek-Cub Transaction;
- (h) the material change report dated January 31, 2012 in respect of the Corporation entering into a securities exchange agreement with Gastek, regarding the Gastek-Cub Transaction;
- (i) the material change report dated November 9, 2011 in respect of the Corporation entering into a letter of intent with Gastek regarding the Gastek-Cub Transaction;
- (j) the material change report dated September 29, 2011 in respect of the Corporation's litigation against DLE Investments Inc., Michael DesLauriers and certain other parties alleging, among other matters, breaches of fiduciary, statutory, contractual and common law duties owed to the Corporation;
- (k) the material change report dated September 12, 2011 in respect of the Corporation's acquisition of Tysagaz;
- (l) the business acquisition report dated November 18, 2011 in respect of the Corporation's acquisition of Tysagaz;
- (m) the management information circular in respect of the annual and special meeting of Shareholders held December 2, 2011, dated October 27, 2011;
- (n) the audited consolidated financial statements of Gastek as at and for the years ended December 31, 2011 and 2010, dated as of April 23, 2012; and
- (o) the filing statement dated March 20, 2012 in respect of the Gastek-Cub Transaction.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding material change reports filed on a confidential basis), comparative interim financial statements, comparative annual financial statements and the auditor's report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by the Corporation with the securities commissions or similar authorities in British Columbia, Alberta and Ontario subsequent to the date of this short form prospectus and prior to the termination of this distribution are deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

SUMMARY DESCRIPTION OF BUSINESS

The Corporation

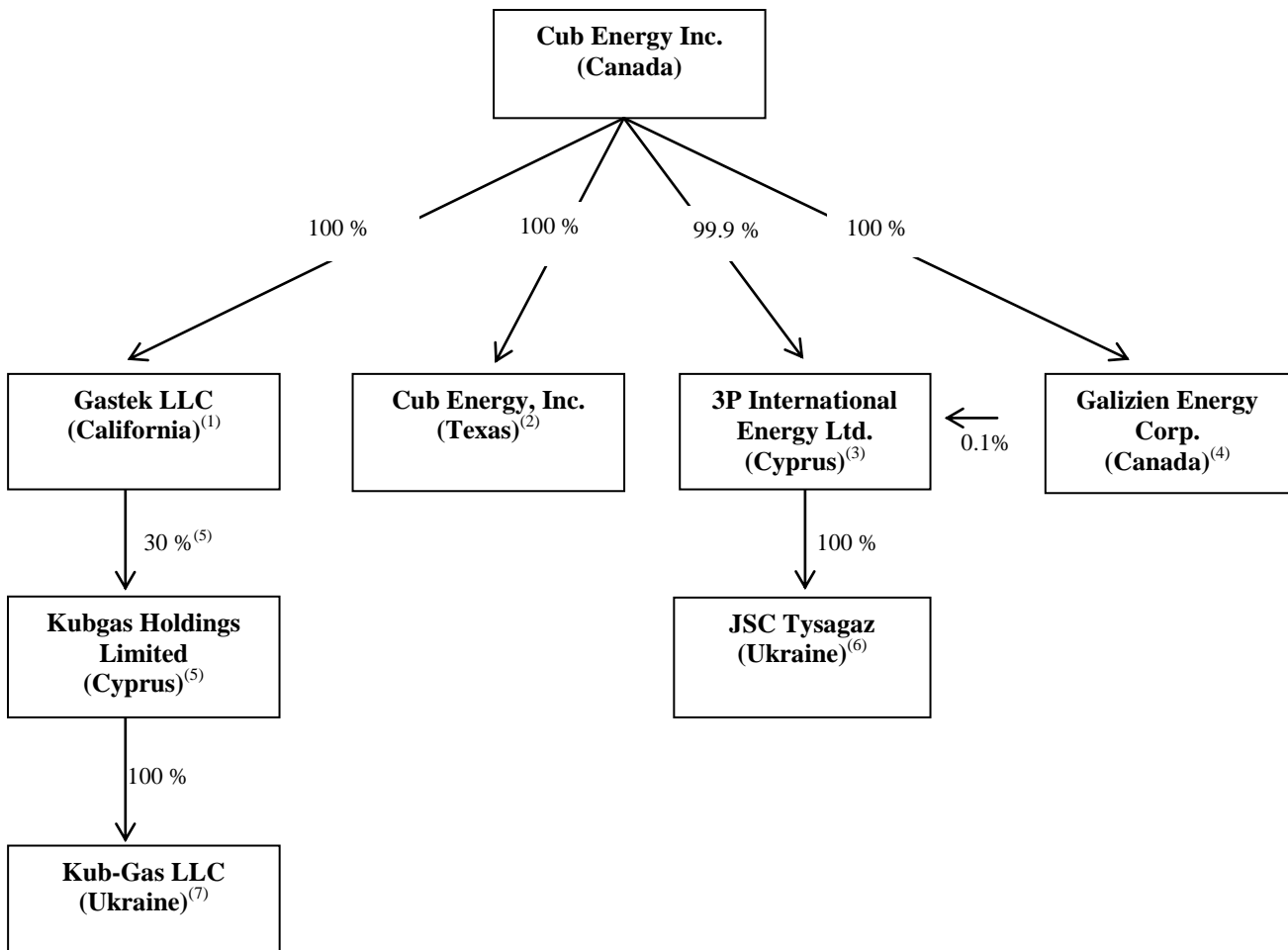
Cub is a corporation governed by the CBCA. Cub was incorporated under the OBCA as a CPC on April 3, 2008. The Corporation filed articles of amendment: (i) on June 11, 2008 to remove the private company provisions from its articles; (ii) on July 14, 2010 to change its name from "Colonnade Capital Corp." to "3P International Energy Corp."; and (iii) on January 26, 2012 to change its name from "3P International Energy Corp." to "Cub Energy Inc." Pursuant to the Articles of Continuance filed on February 28, 2012, Cub was continued from a corporation governed by the OBCA to a corporation governed by the CBCA.

The head and registered office of Cub is located at Suite 1000, 36 Toronto Street, Toronto, Ontario, M5C 2C5.

The Common Shares are listed on the TSXV under the symbol "KUB". Cub is currently a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

Intercorporate Relationships

The following chart illustrates the inter-corporate relationships among the Corporation and its direct and indirect subsidiaries and equity investees and, for each entity, its jurisdiction of incorporation, continuation, formation or organization, as applicable, and the percentage of votes attaching to all voting securities of the entity beneficially owned, or controlled or directed, directly or indirectly, by the Corporation. None of the entities have any restricted securities issued and outstanding.



Notes:

- (1) Gastek is a wholly-owned subsidiary of the Corporation. It was acquired by the Corporation in March 2012 for the purpose of acquiring Gastek's 30% indirect interest, through Kubgas Holdings, in Kub-Gas. Gastek has no other operations or assets.
- (2) Cub Energy, Inc. (Texas) is a company which holds the U.S. operations of the Corporation, its Canadian parent. These operations include technical staff, headquarters personnel and other administrative activities. All of these operations support general corporate functions and the operations of Tysagaz and Kub-Gas in Ukraine.
- (3) 3P International Energy Ltd. is the owner of 100% of the shares of Tysagaz and is a holding company with no operations or assets besides those associated with Tysagaz. 3P International Energy Ltd. is 99.9% owned by the Corporation and 0.1% owned by Galizien Energy Corp. (a wholly-owned subsidiary of the Corporation).
- (4) Galizien Energy Corp. is a 100% subsidiary of the Corporation. This subsidiary currently has no operations or assets and is a 0.1% owner of 3P International Energy Ltd.
- (5) Kubgas Holdings is owned 30% by Gastek and 70% by Kulczyk (which is an Alberta corporation, headquartered in Calgary, a reporting issuer in three Canadian provinces, with shares listed on the Warsaw Stock Exchange and arm's length to Cub). Kubgas Holdings is the owner of 100% of the shares of Kub-Gas and is a holding company with no operations or assets besides those associated with Kub-Gas.
- (6) Tysagaz is a wholly-owned subsidiary of 3P International Energy Ltd. Tysagaz is the owner and operator of four licenses in western Ukraine (one production license and three exploration licenses) totaling approximately 81,000 net acres. The four licenses are in the Rusko-Komarivske Field, the Stanivske Field, the Korolevskoye Field and the Uzhgorod Area.
- (7) Kub-Gas is a wholly-owned subsidiary of Kubgas Holdings. Kub-Gas is the owner and operator of five oil and gas licenses in eastern Ukraine (three production licenses and two exploration licenses) totaling approximately 28,000 net acres. The five licenses are in the Olgovskoye Field, the Makeevskoye Field, the North Makeevskoye Area, the Krutogorovskoye Area and the Vergunskoye Field.

Business of the Corporation

Cub is a junior oil and gas issuer involved in the exploration and development of oil and gas in Ukraine. The Corporation has offices in Houston, Texas, Kyiv, Ukraine and Toronto, Canada and is the sixth largest independent oil and gas producer in Ukraine. Cub has a significant land base in Ukraine, which Cub's management believes has great potential with proven source rock, reservoirs, seals and proven gas accumulations. Cub has nine licenses with 174,000 gross acres and 109,000 net acres. In eastern Ukraine, Cub, through Gastek and Kub-Gas, is the 30% owner and joint-operator of five licenses (three production licenses and two exploration licenses) totalling approximately 28,000 net acres. In western Ukraine, Cub, through Tysagaz, is the 100% owner and operator of four licenses totalling approximately 81,000 net acres (one production license and three exploration licenses).

Recent Developments

On November 1, 2012 the Makeevskoye-20 well commenced commercial production and is currently producing at a gross rate of 1,042 Boe/d (312 Boe/d net to Cub's 30% working interest).

On October 25, 2012, the Krutogorovskoye-7 ("**K-7**") well reached its TD of 3,206 metres and on October 30, 2012 the Corporation began casing the well. Wireline logs indicate multiple potential hydrocarbon bearing zones in the K-7 well.

On August 3, 2012 Cub commenced drilling of the Makeevskoye-16 ("**M-16**") well with a planned TD of 3,850 metres. The M-16 well is expected to evaluate stacked potential reservoir targets in Moscovian, Bashkirian and Serpukhovian aged rocks and is expected to reach TD in December 2012. The M-16 well was logged at a depth of 3,389 metres on October 10, 2012 and identified three potential pay sands between 2,100 metres and 3,370 metres. The Corporation decided to drill the well to a depth of 4,350 metres. As of November 20, 2012, the M-16 well was at a drill depth of 4,230 metres preparing to cut a core.

In August 2012, Cub also commenced commercial production of the Makeevskoye-21 ("**M-21**") well at an initial rate of 1.7 MMcf/d (0.5 MMcf/d net to Cub's 30% working interest). The M-21 well is operated by Kub-Gas and was drilled to a TD of 2,210 metres in the first quarter of 2012 and cased to TD pending completion of the well for commercial gas production. On June 19, 2012, the Corporation disclosed that the Makeevskoye R-8 target zone had

been tested at a rate of 3.0 MMcf/d. The well was drilled to further develop the Makeevskoye R-8 Pool, which was originally discovered by the Makeevskoye-19 well drilled in the second half of 2010. The M-21 well is the second well producing from the Makeevskoye R-8 Pool and was put online at a rate of 1.7 MMcf/d.

On June 10, 2012, the North Makeevskoye-1 well was drilled to a depth of 2,500 metres and cased to TD after log and drilling information indicated four potential hydrocarbon-bearing zones.

On May 30, 2012, the Olgovskoye-14 well was suspended and is being evaluated as a potential candidate for fracture stimulation.

For further information on the Corporation and its business activities, see the AIF, which is incorporated by reference herein.

DESCRIPTION OF THE COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As of the date hereof, 211,048,551 Common Shares are issued and outstanding and 7,149,451 Common Shares are reserved for issuance pursuant to outstanding Options.

Holders of Common Shares are: (i) entitled to one vote per Common Share at meetings of Shareholders; (ii) are entitled to dividends if, as and when declared by the Cub Board; and (iii) upon liquidation, dissolution or winding-up, to receive the Corporation's remaining property. Holders of Common Shares have no pre-emptive rights and no conversion rights or rights of redemption provisions are applicable to the Common Shares.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at September 30, 2012, both before and after giving effect to the Offering.

Designation	Authorized	As at September 30, 2012, before giving effect to the Offering	As at September 30, 2012, after giving effect to the Offering ⁽¹⁾⁽²⁾
Common Shares ⁽³⁾	Unlimited Common Shares	USD 34,279,000 (211,048,551 Common Shares)	USD 48,264,125 (248,548,551 Common Shares)
EBRD Debt ⁽⁴⁾⁽⁵⁾	USD 12,000,000	USD 6,369,231	USD 6,369,231
Pellicourt Loan ⁽⁶⁾	USD 3,000,000	USD 400,000	USD 400,000

Notes:

- (1) Assumes that the Offering is fully subscribed and the Agents' Option is exercised in full. In the event the Agents' Option is not exercised, the Corporation's consolidated capitalization resulting from the Offering as at September 30, 2012 and after giving effect to the Offering, if fully subscribed will be USD 45,848,513 (242,298,551 Common Shares).
- (2) After deducting estimated expenses of this Offering of \$500,000 and the Agents' Fee of \$750,000, and converting to USD at the September 28, 2012 Bank of Canada closing rate of 1.171, assuming the Offering is fully subscribed and the Agents' Option is exercised in full.
- (3) As at September 30, 2012, the Corporation had 7,149,451 Options outstanding to officers, directors, employees and consultants at exercise prices ranging from \$0.40 to \$0.75 per Common Share. See "Prior Sales".
- (4) In May 2011, Kub-Gas finalized an agreement for a loan facility of up to USD 40 million (Cub's 30% interest is USD 12 million) from the European Bank for Reconstruction and Development ("**EBRD**") (the "**EBRD Loan Facility**"). The proceeds of the EBRD Loan Facility are to be used to fund development of the Ukrainian licenses held by Kub-Gas. The financing bears interest in two components, one being LIBOR + 6% and the other being based on incremental revenues. The loan proceeds are expected to be advanced in two tranches, with USD 23 million advanced in 2011 and the remaining USD 17 million (the Kub-Gas 100% interest) to be advanced as needed in 2012 and or 2013 with both the Olgovskoye license and the Makeevskoye license now having been converted to production licenses. However, there has been no borrowing to date during 2012. The loan balance outstanding is to be repaid in thirteen equal semi-annual payments commencing in July 2012. Kulczyk as the indirect majority owner of Kub-Gas, has provided a guarantee for the entire amount of the loan facility outstanding from time to time. Cub, through its wholly-owned subsidiary, Gastek, as an indirect owner of Kub-Gas, has provided a counter-indemnity only of up to 30% to Kulczyk (not EBRD) to offset Kulczyk's 100% direct guarantee to EBRD in the amount of the loan facility outstanding from time to time. The EBRD Loan Facility is also secured by Kub-Gas. At June 30, 2012, USD 23 million (Cub's 30% interest is USD 6.9 million) of loan proceeds was

outstanding. In July 2012, USD 1.8 million (1/13th of the outstanding amount) (Cub's 30% interest is USD 0.5 million) plus interest and other loan related costs were re-paid.

- (5) Amounts listed represent 30% of the authorized and outstanding debt under the EBRD Loan Facility. The EBRD Loan Facility will only be used for the exploration and development of the Kub-Gas license areas.
- (6) On August 31, 2012, Cub entered into a USD 3 million line of credit with Pelicourt at an interest rate of 5% payable semi-annually (the "**Pelicourt Loan**"). The Pelicourt Loan must be drawn down in minimum tranches of USD 100,000. Cub drew down on the line of credit in the following tranches: September 12, 2012 (USD 200,000) and September 25, 2012 (USD 200,000). The line of credit expires on September 30, 2013. The Pelicourt Loan is being used to fund general operations of the Corporation while the Corporation reviews other financing opportunities. As of November 15, 2012, the Corporation currently has drawn USD 1,060,000 on the Pelicourt Loan.

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The Common Shares are currently listed on the TSXV under the trading symbol "KUB". Prior to the name change of the Corporation on January 26, 2012, the Common Shares were listed on the TSXV under the trading symbol "DOH". The following table sets forth the price range and trading volume of the Common Shares as reported by the TSXV for the periods indicated:

Month	Price Range		
	High (\$)	Low (\$)	Volume
2011			
November ⁽¹⁾	0.445	0.345	3,469,100
December	0.430	0.315	1,952,627
2012			
January	0.410	0.350	1,363,530
February	0.400	0.300	740,611
March	0.450	0.350	15,063,485
April	0.490	0.330	20,367,161
May	0.415	0.260	3,140,593
June	0.350	0.235	2,676,653
July	0.250	0.205	162,941
August	0.370	0.210	3,633,465
September	0.470	0.320	9,000,335
October	0.450	0.370	13,919,040
November	0.455	0.370	5,293,945
December 1-6 ⁽²⁾	0.395	0.385	200,000

Notes:

- (1) Trading of the Common Shares was halted on October 31, 2011 in connection with the Gastek-Cub Transaction. Trading resumed on November 22, 2011 upon the issuance of a comprehensive news release dated November 21, 2011.
- (2) On December 6, 2012, the last complete trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSXV was \$0.39.

PRIOR SALES

The following table summarizes the issuance by the Corporation of Common Shares or securities convertible into Common Shares during the 12 month period prior to the date of this short form prospectus.

Date Issued	Number of Type of Securities	Issue Price per Security	Aggregate Issue Price (\$)	Consideration Received
November 25, 2011	13,659,156 Shares ⁽¹⁾	\$0.40	\$5,463,662	Cash
November 25, 2011	4,490,844 Subscription Receipts ⁽²⁾	\$0.40	\$1,796,337	Cash
December 2, 2011	2,250,000 Options ⁽³⁾	N/A	N/A	N/A
January 16, 2012	11,500 Shares ⁽⁴⁾	\$0.30	\$3,450	N/A
February 10, 2012	8,500 Shares ⁽⁴⁾	\$0.30	\$2,550	N/A
March 29, 2012	123,278,089 Common Shares ⁽⁵⁾	\$0.40	\$49,311,236	Units ⁽⁵⁾
March 29, 2012	1,625,000 Common Shares ⁽⁶⁾	\$0.40	\$650,000	Services ⁽⁵⁾
September 28, 2012	200,350 Common Shares ⁽⁴⁾	\$0.25	\$50,088	Cash

Notes:

- (1) Consists of Common Shares issued in connection with a non-brokered private placement on November 25, 2011 (the "**November 2011 Financing**").
- (2) Consists of subscription receipts issued in connection with the November 2011 Financing ("**Subscription Receipts**").
- (3) Issued to directors and officers of Cub; exercisable at a price of \$0.45 per Common Share and expiring December 2, 2016.
- (4) Consists of Common Shares issued on the exercise of warrants.
- (5) Cub acquired all of the outstanding units of Gastek from Pelicourt, the sole unitholder of Gastek, in exchange for 123,278,089 Common Shares. In connection with the closing of the Gastek-Cub Transaction the Subscription Receipts issued November 25, 2011 were exchanged for 4,490,844 Common Shares for no additional consideration, and the gross proceeds of the Subscription Receipts sold (\$1,796,337) were released to Cub.
- (6) In connection with the closing of the Gastek-Cub Transaction, Cub issued, as a one-time bonus to Gregory Cameron an officer and director of Cub, 750,000 Common Shares at a deemed price of \$0.40 per share. In addition, Cub issued 875,000 Common Shares on account of other transaction bonuses and severance in connection with the closing of the Gastek-Cub Transaction.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Offered Shares are estimated to be \$11,375,000. The Agents' Fee of \$625,000 and the expenses of the Offering estimated to be \$500,000 will be borne by the Corporation. If the Agents' Option is exercised in full, the net proceeds of the Offering, after deducting the Agents' Fee and expenses of the Offering, are estimated to be approximately \$13,750,000. The net proceeds of the Offering will be used for further development, appraisal and exploration of the Corporation's interests in Ukraine, general and administrative expenses and for assessing other corporate opportunities in the region.

Assuming the completion of the Offering of \$12,500,000, the net proceeds to the Corporation will be used as follows:

<u>Use of Proceeds</u>	
Drilling ⁽¹⁾	\$5,900,000
Seismic ⁽²⁾⁽³⁾⁽⁴⁾	\$2,615,000
Repayment of Pelicourt Loan	\$1,060,000
General and Administration	\$1,800,000
Total⁽³⁾⁽⁴⁾	\$11,375,000

Notes:

- (1) The funds for drilling will be used to drill, complete and tie-in two development wells on the Rusko-Komarivske field and drill one exploration well on the Stanivske field, expected to be completed by June 2013.
- (2) The funds for seismic will be used on 20km² of 3D seismic on the Rusko-Komarivske field and at least 50km² of 3D seismic on the Stanivske field.
- (3) If the Corporation receives less than \$11,375,000 in net proceeds upon completion of the Offering, the Corporation would adjust its exploration plan by reducing the proposed seismic on the Stanivske field. In addition, if additional funds are required, the Corporation has access to the Pelicourt Loan until September 30, 2013.
- (4) If the Agents' Option is exercised in full, the funds are expected to be used for additional 3D seismic on the Stanivske field or will be used towards the drilling of an additional development well on the Stanivske field.

The use of the net proceeds of the Offering by the Corporation is consistent with the Corporation's stated business objectives of: (i) creating per share value by drilling predominantly development wells that allow the Corporation to re-deploy cash flow in order to accelerate the cash generation of its development portfolio; (ii) investing 20 to 30% on exploration drilling, which is expected to further expand its development portfolio; and (iii) the acquisition of

additional producing and non-producing license areas where the Corporation can further expand on its ability to efficiently operate oil and gas licenses as well as expand on its strengths in managing country risk.

There is no particular significant event or milestone that must occur for Cub's business objectives to be accomplished. While Cub believes that it has the skills and resources necessary to accomplish its stated business objectives, participation in the exploration for and development of oil and natural gas has a number of inherent risks. See "*Risk Factors*" in the AIF.

As at November 15, 2012, the Corporation had a working capital deficit of approximately \$838,000, which includes the \$1,060,000 drawn on the Pelicourt Loan. The Corporation's cash burn rate on a quarterly basis is approximately \$900,000. Based on the remaining funds available on the Pelicourt Loan and the Corporation's current production, the Corporation is expected to be able to sustain operations for a period of six months. The proceeds from the Offering will allow the Corporation to fund a larger exploration program with the expectation of increasing the monthly revenues thereby reducing the monthly burn rate. It is anticipated that this will extend the period that the Corporation will be able to sustain operations to 18 months.

While the Corporation intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Corporation's best interests.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement between the Corporation and the Agents, the Corporation has appointed the Agents and the Agents have agreed to offer on a commercially reasonable "best efforts" basis, if, as and when issued by the Corporation in accordance with the Agency Agreement, up to 31,250,000 Offered Shares at a price of \$0.40 per Offered Share, for total gross proceeds of up to \$12,500,000. The terms of the Offering, including the Offering Price, have been determined by negotiation between the Corporation and the Lead Agents on their own behalf and on behalf of the other Agents. While the Agents have agreed to use their commercially reasonable 'best efforts' to sell the Offered Shares, the Agents are not obligated to purchase any Offered Shares not sold.

The Agency Agreement provides that the Corporation will pay the Agents' Fee of 5% of the gross proceeds of the Offering, for Offered Shares issued and sold by the Corporation, for an aggregate fee payable by the Corporation of \$625,000 in consideration for the services of the Agents in connection with the Offering.

The Corporation has also granted to the Agents the Agents' Option to offer up to 6,250,000 additional Common Shares at a price of \$0.40 per Common Share, on the same terms and conditions of the Offering, exercisable in whole or in part, at the sole discretion of the Agents, at any time up to 48 hours period to the Closing Date. In respect of the Agents' Option, the Corporation will pay to the Agents a fee equal to 5% of the proceeds realized on the exercise of the Agents' Option. If the Agents' Option is exercised in full, the total Offering, the Agents' Fee and the net proceeds to the Corporation (before deducting expenses of the Offering) will be approximately \$15,000,000, \$750,000 and \$14,250,000, respectively. This short form prospectus qualifies both the grant of the Agents' Option and the distribution of the Common Shares issuable upon exercise of the Agents' Option.

The obligations of the Agents under the Agency Agreement are several and not joint or joint and several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets or their satisfaction with the results of their due diligence investigations and may also be terminated upon the occurrence of certain other stated events. The Agency Agreement also provides that the Corporation will indemnify the Agents and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

Pursuant to applicable securities legislation, the Agents may not, throughout the period of distribution under this short form prospectus, bid for or purchase Offered Shares. The foregoing restriction is subject to exceptions, provided the bid or purchase is not engaged in for the purpose of creating actual or apparent trading in, or raising the price of, such securities. These exceptions include a bid or purchase permitted under applicable laws relating to market stabilization and passive market-making activities. In connection with the Offering, and subject to the foregoing, the Agents may effect transactions which stabilize or maintain the market price of the Offered Shares at

levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Subject to certain exceptions, including in the case of purchasers in the United States (who will receive individual physically certificated securities delivered to such purchasers on Closing), at the Closing, the Offered Shares distributed under this short form prospectus will be available for delivery through CDS or its nominee and will be deposited with CDS on the Closing Date. Subject to certain exceptions, including in the case of United States purchasers (who will receive physical individually certificated securities), purchasers of the Offered Shares receiving delivery through CDS will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the securities are purchased and shall not have the right to receive physical certificates evidencing their ownership of the Offered Shares.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. Closing is expected to occur on or about December 17, 2012 or such later date as the Corporation and the Agents may agree, but in any event not later than 90 days from the date of the receipt for this short form prospectus.

The TSXV has conditionally approved the listing of the Offered Shares to be distributed under this short form prospectus. Listing of such Offered Shares will be subject to the Corporation fulfilling all of the requirements of the TSXV.

The Corporation has agreed with the Agents that, for a period ending 90 days from the Closing Date, the Corporation shall not issue any Common Shares, flow-through shares, special warrants or financial instruments convertible or exchangeable into Common Shares, other than the issuance of stock options pursuant to the Corporation's stock option plan, the issuance of Common Shares for purposes of satisfying stock options or other existing instruments already issued on or before November 21, 2012, or consideration for arm's length acquisitions of assets or corporate acquisitions, without the prior written consent of the Lead Agents, such consent not to be unreasonably withheld.

The Offered Shares have not been, and will not be, registered under the U.S. Securities Act or the state securities laws of any state of the United States, and accordingly the Offered Shares may not be offered, sold or delivered, directly or indirectly, within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Agents have agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of the Offered Shares within the United States. The Agency Agreement permits the Agents to offer the Offered Shares outside the United States for sale by the Corporation in compliance with Regulation S under the U.S. Securities Act. The Agency Agreement also permits the Agents to offer the Offered Shares in the United States to institutional "accredited investors", as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act, for sale by the Corporation, in compliance with Rule 506 of Regulation D under the U.S. Securities Act and applicable U.S. state securities laws.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Shares in the United States. In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

The Offered Shares offered or sold in the United States will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Certificates representing such Offered Shares will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws.

Terms used and not defined in the three preceding paragraphs shall have the meanings ascribed thereto by Regulation S under the U.S. Securities Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Corporation, and Torys LLP, counsel to the Agents, subject to the provisions of any particular plan and provided the Offered Shares are listed at all relevant times on a "designated stock exchange" within the meaning of the Tax Act (which includes the TSXV), the Offered Shares will, if issued on the date hereof, be qualified investments under the Tax Act and the regulations thereunder for trusts governed by a registered retirement savings plan (a "RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account ("TFSA").

However, the holder of a trust governed by a TFSA or the annuitant under a RRSP or the beneficiary of a RRIF that holds Offered Shares will be subject to a penalty tax if such Offered Shares are a "prohibited investment" for the purposes of the Tax Act. Offered Shares will generally be a "prohibited investment" if the holder, the annuitant or beneficiary, as the case may be, does not deal at arm's length with the Corporation for the purposes of the Tax Act or the holder, the annuitant or beneficiary, as the case may be, has a "significant interest" (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for the purposes of the Tax Act. **Prospective holders should consult their own tax advisors regarding their particular circumstances.**

RISK FACTORS

An investment in the Common Shares involves a number of risks. Before investing, prospective purchasers of Common Shares should carefully consider, in light of their own financial circumstances, the factors set out below, as well as other information and risk factors contained in or incorporated by reference in this short form prospectus, including those risk factors set forth under the heading "Risk Factors" at pages 45 through 54, inclusive, of the AIF, and those risk factors set forth under the heading "Risk Factors" of the MD&A, which are incorporated by reference herein.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders of Common Shares to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Forward-Looking Information" in this short form prospectus. In addition, the market price for securities in the stock markets, including the TSXV, may experience significant price and trading fluctuations. These fluctuations may result in volatility in the market prices of securities that is unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares.

Negative Cash Flow from Operating Activities

As at November 15, 2012, the Corporation had a working capital deficit of approximately \$838,000. Cash flow from operating activities will vary according to a number of factors including the price of oil and natural gas, the variability in the Corporation's current production and the outcome of the Corporation's drilling activities, many of which are beyond the Corporation's control. Additionally, there is no assurance that production from the Corporation's properties will increase in the near future and the Corporation may continue to incur negative net cash flow from operating activities before changes in non-cash working capital. The future of the Corporation is dependent on the Corporation's success in obtaining the necessary funds to explore and develop its properties as well as the outcome of the Corporation's drilling activities.

Management has assumed that the Corporation is a going concern and will be able to continue in operation for the foreseeable future, and accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management has taken into

account all of the available information as to the future, which is at least, but not limited to the next eighteen months. In making its assessment, management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

Forward-Looking Statements May Prove Inaccurate

Purchasers are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to the Corporation to which the Corporation or any of its direct or indirect subsidiaries is a party or in respect of which any of the properties of the Corporation or any of its direct or indirect subsidiaries are subject, nor are there any such proceedings known to be contemplated.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Collins Barrow Toronto LLP, Collins Barrow Place, 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7.

Equity Financial Trust Company, at its offices in Toronto, Ontario, is the registrar and transfer agent for the Common Shares.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Bennett Jones LLP, on behalf of the Corporation, and by Torys LLP, on behalf of the Agents. The partners and associates of Bennett Jones LLP, as a group, and the partners and associates of Torys LLP, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares. Reserve estimates incorporated by reference in this short form prospectus are derived from reserve reports prepared by RPS. As of the date hereof, RPS does not beneficially own, directly or indirectly, any Common Shares.

Collins Barrow Toronto LLP is the auditor of the Corporation and it has confirmed that it is independent of the Corporation, in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Ontario.

KPMG LLP was the auditor of Gastek and it has confirmed that it was independent of Gastek, in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Alberta at the time it issued its auditors' reports on the financial statements of Gastek.

Baker Tilly Ukraine LLP is and was the auditor of Tysagaz and it has confirmed that it is and was independent of the Corporation, in accordance with the relevant rules and related interpretation prescribed by the Institute of Chartered Accountants of Ontario.

Cormark Securities Inc. provided a fairness opinion in connection with the Gastek-Cub Transaction which is incorporated by reference in this short form prospectus. As of the date hereof, Cormark Securities Inc. has confirmed that its partners, associates and affiliates will, collectively, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

CONSENT OF COLLINS BARROW TORONTO LLP

We have read the short form prospectus of Cub Energy Inc. dated December 7, 2012 with respect to the offering of 31,250,000 common shares of Cub Energy Inc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus, of our report to the shareholders of Cub Energy Inc. on the consolidated balance sheets of Cub Energy Inc. as at June 30, 2011 and June 30, 2010 and the consolidated statements of operations and deficit and cash flows for the years ended June 30, 2011 and June 30, 2010. Our report is dated October 24, 2011.

(signed) "*Collins Barrow Toronto LLP*"

Chartered Accountants

Toronto, Ontario

December 7, 2012

CONSENT OF KPMG LLP

We have read the short form prospectus of Cub Energy Inc. dated December 7, 2012 with respect to the offering of 31,250,000 common shares of Cub Energy Inc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus, of our report to the directors of Gastek LLC on the financial statements of Gastek LLC, which comprise the statements of financial position as at December 31, 2011 and 2010, the statements of operations and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated April 23, 2012.

We also consent to the incorporation by reference in the above-mentioned short form prospectus, of our report to the directors of Gastek LLC on the consolidated financial statements of Gastek LLC, which comprise the consolidated statements of financial position as at December 31, 2010, 2009 and 2008, the consolidated statements comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated February 14, 2012.

(signed) "*KMPG LLP*"

Chartered Accountants

Calgary, Alberta

December 7, 2012

CONSENT OF BAKER TILLY UKRAINE LLP

We have read the short form prospectus of Cub Energy Inc. dated December 7, 2012 with respect to the offering of 31,250,000 common shares of Cub Energy Inc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus, of our report to the owners of JSC Tysgaz on the consolidated balance sheets of JSC Tysgaz as at December 31, 2010 and the consolidated statements of comprehensive income, changes in equity and of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated November 16, 2011.

(signed) "*Baker Tilly Ukraine LLP*"

Chartered Accountants

Kyiv, Ukraine

December 7, 2012

CERTIFICATE OF THE CORPORATION

Dated: December 7, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Alberta, British Columbia and Ontario.

CUB ENERGY INC.

(Signed) "*Mikhail Afendikov*"
Chief Executive Officer

(Signed) "*Wally Rudensky*"
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Frank Mermoud*"
Director

(Signed) "*Steven VanSickle*"
Director

CERTIFICATE OF THE AGENTS

Dated: December 7, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Alberta, British Columbia and Ontario.

GMP SECURITIES L.P.

(Signed) "*Mark Wellings*"
Managing Director, Investment Banking

CANACCORD GENUITY CORP.

(Signed) "*Andrew D. Birkby*"
Director, Investment Banking

CORMARK SECURITIES INC.

(Signed) "*Chris Burchell*"
Managing Director, Investment Banking

CASIMIR CAPITAL LTD.

(Signed) "*Adam Thomas*"
Managing Director, Investment Banking