



TSX-V: “DOH”

3P INTERNATIONAL ENERGY CORP. ANNOUNCES LETTER OF INTENT TO ACQUIRE A 30% INTEREST IN FIVE LICENSE AREAS IN THE DNIEPER-DONETSK BASIN OF EASTERN UKRAINE THROUGH BUSINESS COMBINATION

- **ADDS PROVEN RESERVES**
- **FIVE NEW LICENSE AREAS IN PROLIFIC DNIEPER-DONETSK BASIN**
- **CASH FLOW AND CURRENT NET PRODUCTION TO 3P OF 640 BOE/D**
- **A STRONG LOCAL PARTNER WITH SIGNIFICANT OPERATING EXPERIENCE**
- **A SEASONED CHIEF EXECUTIVE OFFICER WITH A SUCCESSFUL TRACK RECORD IN UKRAINE**
- **OWNERSHIP OF 1 DRILLING RIG AND 3 SERVICE RIGS**

TORONTO, ONTARIO – NOVEMBER 3, 2011 – **3P INTERNATIONAL ENERGY CORP.** (“**3P**” or the “**Corporation**”) (TSX Venture Exchange: DOH) is pleased to announce that it has entered into a letter of intent dated October 31, 2011 (the “**Letter of Intent**”) with Gastek LLC (“**Gastek**”) and its sole shareholder Parma Limited (“**Parma**”) under which 3P intends to issue common shares of 3P (“**3P Shares**”) to acquire Gastek’s indirect 30% interest in KUB-Gas LLC (“**KUB-Gas**”). The assets of KUB-Gas consist of 100% interests in five licenses near to the city of Lugansk in the northeast part of Ukraine and includes an extensive portfolio of service and drilling equipment and four gas distribution plants. Four of the five licenses held by KUB-Gas are currently producing natural gas.

The Transaction will be a reverse take-over of 3P under TSX Venture Exchange (the “**TSX-V**”) policies. None of the insiders of 3P or their associates and affiliates has any interest in the business of Gastek or are otherwise insiders of, or have any relationship with, Gastek or its direct

or indirect shareholders. As such, the Transaction is an “Arm’s Length Transaction” as defined under TSX-V policies.

The 3P Shares to be issued in the Transaction will be issued pursuant to exemptions from the prospectus requirements of applicable securities legislation, may be subject to resale restrictions as required under the applicable securities legislation and certain shares may be subject to escrow conditions as required by the TSX-V.

Benefits of the Transaction

The Transaction provides several benefits to 3P, including:

- Exposure to five exploration and production licenses in the prolific Dnieper-Donetsk Basin
- A 1,000%+ increase in current production from 58 boe/d to 700 boe/d with potential for growth
- An increase in positive cash flow which will be available to fund future drilling
- A strong local partner with significant on the ground operating experience
- The addition of a seasoned management team with a history of success in the Ukraine
- 30% net ownership of a new Canadian drilling rig and extensive oil and gas service equipment

Transaction Terms

Pursuant to the Transaction, 3P Shares will be issued to acquire Gastek’s indirect 30% interest in KUB-Gas. This will result in the recipients holding 60% of the outstanding 3P Shares upon closing of the Transaction and constitute a reverse take-over of 3P. The 3P Shares will be issued to Gastek, to its sole shareholder Parma or to the shareholders of Parma, as determined after full analysis of relevant tax and other considerations. Parma is a private corporation controlled by Mikhail Afendikov of San Rafael, California and two other persons.

There are currently 65,006,911 3P Shares outstanding, with an additional 17,500,000 3P Shares expected to be issued by way of a private placement financing, as announced in a press release dated October 17, 2011, which would result in an aggregate of up to 82,506,911 3P Shares outstanding prior to the closing of the Transaction.

3P will issue 123,806,858 3P Shares pursuant to the Transaction. The exchange ratio is based on a valuation of CAN\$32,874,000 for 3P (assuming the maximum number of 3P Shares are issued pursuant to the aforementioned private placement), and a valuation of CAN\$49,311,000 for Gastek. 3P Shares to be issued are expected to be subject to TSX-V escrow requirements.

Upon completion of the Transaction, the combined entity will be fully funded to complete the individually stated work programs which combined are to drill ten new development wells, complete four hydraulic fractures (“**fracs**”) and complete up to ten work-overs in calendar 2012.

Conditions to the Completion of the Transaction

The obligations of 3P, Parma and Gastek to consummate the Transaction are subject to, among other things: (i) the receipt of all necessary regulatory approvals including TSX-V approvals; (ii) the receipt of all necessary shareholder and board of director approvals; (iii) the receipt of all necessary third party approvals and/or waivers; (iv) the absence of any material adverse effect, actual or reasonably expected to occur, on the financial and operational condition or the assets of each of the parties; (v) there not being outstanding more than: (a) 82,506,911 3P Shares; (b) warrants to purchase 12,373,299 3P Shares at the exercise prices disclosed in 3P’s public disclosure filings; and (c) options to purchase 5,474,451 3P Shares under the 3P stock option plan at the exercise prices disclosed in 3P’s public filings; (vi) Gastek not having total indebtedness of more than US\$3,000,000; (vii) each of 3P’s directors, officers and principal shareholders entering into an agreement to irrevocably vote all 3P Shares controlled by them in favour of the Transaction or sign written approvals of the Transaction; and (viii) other conditions which are by precedent customary for a transaction such as the Transaction. The conditions listed above are for the benefit of, and may be waived by, a party as they relate to the obligations of another party to perform or obtain the same.

Sponsorship

Cormark Securities Inc., subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the Transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the Transaction or the likelihood of completion.

KUB-Gas LLC Overview

KUB-Gas was established in 2000 to engage in exploration, development and production of natural gas and gas condensate in the Dnieper-Donetsk Basin located in Ukraine. KUB-Gas is incorporated in Ukraine and its registered office and the principal place of business is 8 Karl Marx Street, Lugansk, Ukraine. KUB-Gas also owns a 1,000 horsepower drilling rig, three work-over rigs for use on all new and existing wells, four gas processing facilities, over 20 kilometres of main gas pipelines and approximately 100 other pieces of various equipment. KUB-Gas’ ownership of the drilling rig and work-over rigs enhances development timelines and leads to economies of scale as additional wells are drilled.

On November 10, 2009, Kulczyk Oil Ventures Inc. (“**Kulczyk**”) of Calgary, Canada entered into two Sale and Purchase Agreements with Gastek, under which Kulczyk agreed to acquire an

indirect 70% ownership in the shares of KUB-Gas. This transaction was completed in June 2010 for approximately US\$45 million in consideration.

The assets of KUB-Gas are jointly operated by Gastek and Kulczyk and consist of 100% working interests in five natural gas and gas condensate licenses (one production licence and four exploration licences) in the northeastern part of Ukraine in the Dnieper-Donetsk Basin. Combined, the total landholdings across the five licenses are 36,315 hectares (89,736 acres). KUB-Gas is currently producing natural gas and gas condensate from four of the five licences. Total current production from the licenses is approximately 12.1 MMcf/d of natural gas and 35 bbl/d of gas condensate for a total of 2,300 boe/d. On the Olgovskoye Field, the O-12 well was tested at 8.1 MMcf/d (2.4 MMcf/d net to Gastek). Production from the O-12 well is expected to start towards the end of 2011 with management expecting this well to increase Gastek's share of production by 200 boe/d to 900 boe/d.

3P is purchasing Gastek's indirect 30% operating interest in the above five fields and service assets.

3P Chairman's Statement

Greg Cameron, Chairman of 3P, stated "This transaction is company-making as it provides access to the prolific Dnieper Donetsk Basin where 90% of the proven hydrocarbons in the Ukraine exist today. The team at KUB-Gas are proven in-country operators who have successfully built their business organically by drilling wells. This in-country operating experience will be invaluable to our team at Tysagaz as they build out operations in the Western Ukraine. The combined entity will have nine license areas and full operations in both Ukraine oil and gas basins with production and cash flow from both areas. This all-stock deal aligns the new management with shareholders and I'm honoured to continue to serve as a director and look forward to working with new 3P directors and officers Robert Bensh and Mikhail Afendikov to build the new company."

License Overview

<u>Production License</u>	<u>Issue Date</u>	<u>Prolongation Date</u>	<u>Expiry Date</u>
Vergunskoye Field	September 27, 2006	-	September 27, 2026
<u>Exploration Licenses</u>	<u>Issue Date</u>	<u>Prolongation Date</u>	<u>Expiry Date</u>
Makeevskoye Field	May 18, 2001	August 11, 2009	August 11, 2014
Krutogorovskoye Field	July 16, 2004	August 11, 2009	August 11, 2014
Olgovskoye Field	May 31, 2006	August 11, 2009	August 11, 2014
North Makeevskoye Field	December 29, 2010	-	December 29, 2015

Olgovskoye Field

The Olgovskoye exploration license was granted on May 31, 2006, was issued as a new license with additional acreage in 2009 and is set to expire on August 11, 2014, though it may be extended until 2019. An application has been submitted to convert this license from a five-year exploration license to a 20-year production license. This is currently the most productive of the licenses held by KUB-Gas and has experienced several excellent drilling results over the year. KUB-Gas has drilled five wells through 2011, with a sixth currently underway (an infill target with good permeability and porosity). The wells drilled over the course of the year have seen consistently better results. Logs on the O-9 well indicated multiple hydrocarbon bearing zones and a new discovery in the Lower Bashkirian reservoir (tested at 1.2 MMcf/d). The primary zone of this well, the Middle Bashkirian, tested at a maximum rate of 4.4 MMcf/d (stabilized at 2.9 MMcf/d). Most recently, the O-12 well tested at a rate of 8.1 MMcf/d, which is the best result seen to date. The results from this well are important as it was a step-out location that further defined the extent of the main producing structure. Plans for 2012 include one appraisal well (O-11) and one development well (O-15) to be drilled by the end of Q4, 2012. This exploration license is expected to be converted to a 20-year production license in the first quarter of 2012.

Makeevskoye Field

The Makeevskoye exploration license was granted on May 18, 2001, was issued as a new license with additional acreage in 2009 and is set to expire on August 11, 2014, though it may be extended until 2019. An application has been submitted to convert this license from a five-year exploration license to a 20-year production license. This license has experienced exciting exploration successes and as such as become a focus for KUB-Gas. Most recently, the M-19 exploration well, drilled in the second half of 2010 to a depth of 2,060 metres, recorded initial test results of 5.0 MMcf/d over 15 days. This was the first KUB-Gas well to use Western-style logging tools. Directly adjacent to the Olgovskoye Field, this license will be the focus of substantial activity in 2012. Current plans are for the M-21 well to be drilled in Q2, 2012 followed by another follow up in Q3, 2012. The M-21 well is seen as a low risk step-out location based on the success of the M-19 well and will be located 830 metres away. This exploration license is expected to be converted to a 20 year production license in the first quarter of 2012.

Krutogorovskoye Field

The Krutogorovskoye exploration license was granted on July 16, 2004, was issued as a new license with additional acreage in 2009 and is set to expire on August 11, 2014, though it may be extended until 2019. This field is currently a nominal producer and remains an exploration

project of KUB-Gas. 2D seismic has defined a four-way dip closure in the northeast corner of the license which the K-5 well will test in Q3, 2012. Targets include Muscovian and Bashkirian formations (several sands in the Bashkirian formation have produced gas in both the earlier K-1 and K-3 wells). Management's preliminary view is that trap and stratigraphy will be the main risk factors on the 2,800 metres well. This exploration license is expected to be converted to a 20-year production license prior to first quarter 2012.

Vergunskoye Field

The Vergunskoye production license was issued on September 27, 2006 and will expire on September 27, 2026. The field is approximately 1 kilometre x 2 kilometres and is not a substantial producer at this time, though historically the field has produced 13.8 bcf from six wells. Three zones have been identified for multi-zone production or restart, but as of this time there are no plans to drill any wells in 2012 until available data has been analyzed in detail.

North Makeevskoye Field

The North Makeevskoye exploration license was granted on December 29, 2010 and is set to expire on December 29, 2015. Gross acreage position is approximately 47,073 acres. Similar to the Olgovskoye and Makeevskoye licenses, the license lies along the primary southeastern Dnieper-Donetsk Basin gas/condensate structural trend and is prospective for gas production from multiple zones within the Muscovian and Bashkirian sedimentary section. The license area is located only four kilometres from the recent M-19 gas discovery, which tested at 5 MMcf/d. To date, 2D seismic has provided the Northern Prospect, which management believes has significant resource potential. Plans include completing the 2D seismic program, currently underway, and drilling the first exploration well in Q1, 2012. 3D seismic is planned to commence in Q4, 2012.

Exploration License Legislation

Under the terms of licences, KUB-Gas may produce gas and gas condensate on the exploration fields capped by 10% of total reserves estimated and approved by the licensor, the Ministry for Environmental Protection of Ukraine, and may not exceed the cap during the exploration status. Management of KUB-Gas closely monitors the compliance with terms of the licenses. Should KUB-Gas wish to produce more, it would need to convert the exploration licenses into production licenses. The production license allows unlimited production of gas and gas condensate over the terms of the license. Management expects that KUB-Gas will be able to convert the exploration licences into production licences once this is necessary and three applications are currently submitted for approval.

Reserves and Resources

A reserve evaluation report on the properties of KUB-Gas has been filed with the Exchange as supporting documentation of the Transaction. A detailed press release including reserve estimation included in such report will be issued at a later date. At this time, the Corporation believes that an increase in production or reserves could come from the development of Olgovskoye and Makeevskoye. The Corporation also expects that the application of new field operating practices commonly used elsewhere in the world to improve overall well productivity, such as dual completions and compression of gas will be applied by KUB-Gas to the fields.

The work program for 2011-2012 will principally target a continuation of the exploitation of the Olgovskoye and Makeevskoye fields. This will involve the drilling of new wells, the completion of new zones in existing wells, dual completions, stimulation treatments using modern and technology advanced methods commonly used elsewhere in the world and the implementation of a compression strategy. To date this work program drilled five successful wells in 2011 and completed 160 kilometres of 2D and 3D seismic and four work-overs.

Exploration/Development Activity and Future Plans

The development plan is fully funded with cash on hand, expected cash flow and the European Bank for Reconstruction and Development facility for the five fields within KUB-Gas. Below is a summary of this planned activity for the fields within KUP-Gas.

License	Activity	Timeline	Notes
North Makeevskoye KUB-Gas 30% Interest	Drill NM-1 – license area is only four kilometres from M-19 well. Success at NM-1 could lead to a rig move that keeps the rig on the NM license throughout the remainder of 2012.	Q4 2011 to Q1 2012	With the next NM license directly adjacent to the recent M-19 discovery well, this well could be a significant catalyst for the combined entity.
Makeevskoye KUB-Gas 30% Interest	Drill two wells – low-risk, high-impact step-out wells from the impressive M-19 well. Could be a very strong catalyst as the M license becomes de-risked.	Q1 2012 to Q3 2012	Follow-up wells to M-19 could provide encouraging results similar to wells drilled on Olgovskoye property throughout 2011.

License	Activity	Timeline	Notes
Krutogorovskoye KUB-Gas 30% Interest	Drilling a new well to test a new structure with K-5 well.	Q3 2012	Muscovian and Bashkirian targets. Well timing could be shifted based on level of success at NM-1.
Olgovskoye KUB-Gas 30% Interest	Two wells to be drilled – one appraisal well and one development well.	Q4 2012	Recent well test rate have been completed with encouraging results. Well timing could be postponed based on level of success at NM-1 and a subsequent decision to drill more wells at NM license immediately.

Selected Financial Information

The following table sets forth certain unaudited financial information for Gastek's net 30 % working interest in KUB-Gas as at and for the six month period ended June 30, 2011.

Total Assets	US\$38.6MM
Oil and Gas Revenue	US\$4.3MM
Royalty Expense	US\$(0.870)MM
Oil and Gas Revenue, net of Royalties	US\$3.4MM
Operating Expenses	US\$(2.4)MM
Finance Income/(Expense)	US\$(.584)MM
Earnings Before Tax	US\$0.483MM
Capital Expenditures	US\$5.3MM

Board of Directors and Executive Officers on Completion of the Transaction

Subject to any necessary shareholder and regulatory approvals, the board of directors and officers of the Corporation, upon the completion of the Transaction, will be as follows:

- Robert Bensch, President, Chief Executive Officer, Director and Chairman
- Mikhail Afendikov, Vice-Chairman and Director
- Steven VanSickle, Director
- Gregory Cameron, Director

- Robert Hodgins, Director
- Wally Rudensky, Chief Financial Officer

Summary Biographies of the Board of Directors and Executive Officers

The background of each of the aforementioned persons is as follows:

Robert Bensch – President, Chief Executive Officer, Director and Chairman

Mr. Bensch is the former Chairman, President and Chief Executive Officer of Condor Exploration, Inc. a private oil and gas company operating in Colombia since July of 2007. In addition to Condor Exploration, Mr. Bensch was the Executive Chairman of Northcote Energy Ltd. and its predecessor from February 2008 to January 2011. Prior to that he served as Chairman, President and Chief Executive Officer of Cardinal Resources plc and its predecessor, Carpatsky Petroleum Inc. He joined Carpatsky in 2001 as Executive Vice President and Chief Operating Officer. From May 1998 to December 2000, Mr. Bensch was Vice President Capital Markets, then Senior Vice President, Chief Financial Officer and Corporate Secretary of Bellwether Exploration Company. From 1996 to 1998 he worked at Torch Energy Advisors in various roles in finance, capital markets and acquisitions. From April 1995 to August 1996, Mr. Bensch was Director of Investor Relations and Strategic Planning for Box Energy Corp. He worked as a financial analyst for Johnson & Company in 1995 and from 1986 to 1995, he worked for the Department of Defense and the United States Department of Justice. He has served on various boards of public companies. Mr. Bensch received a degree in Political Science and Economics from Syracuse University in New York.

Mikhail Afendikov – Vice-Chairman and Director

Mr. Afendikov is the Chief Executive Officer of Gastek. Mr. Afendikov and his two business partners started Gastek in 2005 as their first investment in the oil and gas sector in Ukraine. Since 2005, Mr. Afendikov has been the Chief Executive Officer of Clarkson Investment LLC and since 1994 he has been a director of V.E.M.A. Shippin Co. Ltd. Mr. Afendikov is a medical doctor who graduated from Donetsk State Medical University in Ukraine in 1987. In 1995 he received a Doctorate in Business Administration from Kennedy-Western University.

Steven VanSickle - Director

Mr. VanSickle has an extensive background in the oil and gas industry both in Canada and internationally, having been involved in exploration, production, strategic planning and portfolio management in the oil and gas industry for the past 20 years. He has been the President and

Chief Executive Officer of Fairborne Energy Ltd. (formerly Fairborne Energy Trust), a Toronto Stock Exchange (“**TSX**”) listed oil and gas producer with current production in excess of 16,000 boe/d, since June of 2005. Mr. VanSickle began his career as an exploration geologist with Amoco Canada Petroleum Company Ltd. in Calgary. In 1992-93 he attended Amoco's Petrophysics training school in Tulsa, Oklahoma and in 1995 was transferred to Houston, where he held a variety of positions including Exploration Coordinator –Trinidad and Exploration Manager – Angola. In January 1998, he joined Pan East Petroleum Corp., which was sold in November 1998. In 1999, he was part of the executive team which founded Canadian Midstream Services Ltd. and was Vice President Business Development until the company was sold to Duke Energy Field Services in the spring of 2001. Mr. VanSickle was the Vice President of Business Development for Duke Energy Field Services in Canada. Prior to its conversion to an income trust, Mr. VanSickle held the position of Senior Vice President, Exploration. Mr. VanSickle sits on the board of a number of publicly listed companies including Seaview Energy Inc., Bolivar Energy Corp. and Fairborne Energy Ltd.

Gregory Cameron – Director

Mr. Cameron has been Chairman of 3P since December, 2010. Previous to this, Mr. Cameron has worked in the finance industry for more than 15 years focused on small and mid capitalization companies in North America and abroad. Mr. Cameron has held senior positions in investment banking at Canaccord Capital Inc. (now Canaccord Genuity Corp.) (SVP Investment Banking), MGI Securities Inc. (Founder) and Macquarie Capital Markets Canada (formerly Orion Securities Inc.) (SVP Investment Banking). Over a successful 12-year career in banking, Mr. Cameron has worked on hundreds of equity, debt, merger and acquisitions and restructurings. Mr. Cameron is also a member of the board of directors of EastCoal Inc. Mr. Cameron is a graduate of Saint Mary’s University in Halifax, Nova Scotia, Canada with a Bachelor of Commerce in Finance and Accounting and holds numerous financial industry designations.

Robert Hodgins - Director

Mr. Hodgins has held executive roles in the oil and gas sector in a career that spanned 25 years with several senior Canadian corporations and is now an investor and professional director. Most recently, from 2002 to 2004, he served as Chief Financial Officer of Pengrowth Energy Trust. Beginning in 1998, he was Vice President and Treasurer of Canadian Pacific Limited. Prior to that he was Chief Financial Officer of TransCanada Pipelines Limited from 1993 to 1998 and held other senior positions at TransCanada Pipelines Limited commencing in 1981. Mr. Hodgins is on the board of several well-known oil and gas companies including Altagas Inc., Enerplus Corporation, MEG Energy Corp. and Fairborne Energy Ltd..

Wally Rudensky – Chief Financial Officer

Mr. Rudensky, CA, has over 25 years of experience in public accounting as partner at EvansMartin LLP Chartered Accountants in Toronto and previously with Arthur Andersen (now Deloitte and Touche LLP). He is President of DFF Management Inc., a private company providing financial management and governance services to Canadian and U.S. listed companies. He has extensive experience in taxation and finance with particular attention to corporate reorganizations in the domestic and international markets.

Recommendation of Board

The board of directors of 3P, after consulting with its financial and legal advisors, has unanimously approved the Letter of Intent and unanimously determined that the Transaction is in the best interests of the Corporation. The Board of Directors of 3P unanimously recommends that all 3P shareholders vote in favour of the Transaction.

Financial Advisors

Cormark Securities Inc. is acting as exclusive financial advisor to 3P with respect to the Transaction.

Canaccord Genuity Corp. is acting as exclusive financial advisor to Gastek with respect to the proposed Transaction.

Resumption of Trading

It is anticipated that trading of the 3P Shares will remain halted pending satisfaction of all applicable requirements of the TSX-V.

Private Placement

The aforementioned private placement will be closed following resumption in trading of the 3P Shares, subject to the final approval of the TSX-V. The 3P shares offered in the private placement will be priced in the context of the market and in compliance with the policies of the TSX-V.

Gastek and KUB-Gas Information

All information provided in this news release related to Gastek and KUB-Gas has been provided by management of Gastek and has not been independently verified by management of 3P.

About 3P International Energy Corp.

3P International Energy Corp. is a Canadian-based company focused on the exploration and development of oil and gas reserves in Eastern Europe. In the Transcarpathian basin of Ukraine, 3P is the 100% owner and operator of a 20-year production licence with a gas producing asset, as well as three exploration licences with exploration targets and a further development opportunity on a total of 300 square kilometres. The company's strategy is to use proven technology, capital, and expertise to grow the reserves base and build a portfolio of low cost gas production assets in Eastern Europe to capitalize on high regional gas prices. 3P shares are traded on the TSX Venture Exchange under the stock symbol DOH.

For further information please contact:

3P International Energy Corp.
Mas Kobuchi
(604) 618-1768

Reader Advisory

This press release should not be considered a comprehensive summary of the Transaction. Additional information required by the TSX-V will be disseminated at a future date following a satisfactory review by the TSX-V.

Investors are cautioned that, except as disclosed in the Management Information Circular or Filing Statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of 3P should be considered highly speculative.

Trading of the 3P Shares will remain halted pending receipt and review by the TSX-V of acceptable documentation regarding the combined entity following completion of the Transaction. The proposed Transaction has not been approved by the TSX-V and remains subject to TSX-V approval.

Completion of the Transaction is subject to a number of conditions, including but not limited to TSX-V acceptance and shareholder approval. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

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. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to timing and completion of the due diligence relating to the Transaction, the entering into of the transaction and financing documents and the satisfaction of the conditions precedent to the Transaction (including receipt of TSX-V approval), completion of the private placement, natural gas reserves and future

revenues. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such 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 the Ukraine and globally; 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 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.

Production volumes and reserve information are commonly expressed on a barrel of oil equivalent ("BOE") basis. BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 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.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

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.