



## News Release

### **Cub Energy Inc. Announces Ukraine Natural Gas Royalty Rate Reduced to 29%**

Houston, Texas – January 4, 2016 – Cub Energy Inc. (“Cub” or the “Company”) (TSX-V: KUB) comments on the newly enacted law reducing gas royalties in Ukraine.

On Thursday, December 31, 2015, Ukraine President Petro Poroshenko signed a new law reversing the increase of royalties on natural gas production put into place 16 months ago on August 1, 2014. Effective January 1, 2016, royalty rates are reduced from 55% to 29% for wells drilled at depths up to five kilometers. For well depths greater than five kilometers, the royalty rate is decreased from 28% to 14%.

Additionally, under the enacted law, the two-year royalty rate discount for newly drilled wells will be discontinued as it is redundant with the new lower royalty rate.

Mikhail Afendikov, Chairman and CEO of Cub said: *“We have waited patiently for royalty rates to decrease to allow us return to higher netbacks and redeploy capital into our Ukraine assets.”*

#### **About Cub Energy Inc.**

Cub Energy Inc. (TSX-V: KUB) is an upstream oil and gas company, with a proven track record of exploration and production cost efficiency in the Black Sea region. The Company’s strategy is to implement western technology and capital, combined with local expertise and ownership, to increase value in its undeveloped land base, creating and further building a portfolio of producing oil and gas assets within a high pricing environment.

For further information, please contact us or visit our website: [www.cubenergyinc.com](http://www.cubenergyinc.com)

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#### Reader Advisory

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*part, as those set out in the forward-looking information.*

*Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Ukraine, the Black Sea Region and globally; political unrest and security concerns in Ukraine; industry conditions, including fluctuations in the prices of natural gas; governmental regulation of the natural gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for natural gas; liabilities inherent in natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the natural gas industry; failure to realise the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

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