



News Release

CUB ENERGY INC. EXECUTES AGREEMENT TO INCREASE OWNERSHIP INTEREST IN KUBGAS UP TO 40% IN RETURN FOR REVOCATION OF RIGHT OF FIRST REFUSAL NOTICE

Houston, Texas – February 1, 2016 – Cub Energy Inc. (“**Cub**” or the “**Company**”) (TSX-V: **KUB**) announces that pursuant to a letter agreement between the Company’s wholly-owned subsidiary, Gastek LLC (“**Gastek**”), and Resano Trading Ltd (“**Resano**”), Gastek has revoked its notice to exercise its right of first refusal announced on January 6, 2016, to purchase the remaining 70% of KUBGAS Holdings Limited (“**KUBGAS**”) held by Serinus Energy Inc. Cub, through Gastek, currently holds the other 30% of KUBGAS. In return for the revocation notice, Gastek can earn up to an additional 10% ownership interest in KUBGAS as follows:

- Gastek will receive a 5% ownership interest in KUBGAS from Resano following its closing with Serinus;
- Gastek will receive an addition 2.5% ownership interest in KUBGAS from Resano when Resano has received a cumulative US \$25 million in dividends from KUBGAS; and
- Within one year of the above mentioned 2.5% transfer, Gastek has the option to purchase from Resano a further 2.5% ownership interest in KUBGAS at a price equal to 2.5% of the net present value of 2P reserves at the time of exercise.

Resano is an affiliate of Burisma Group, the leading independent oil & gas producer in Ukraine with approximately 14,000 boe/d daily production in 2015.

KUBGAS holds a 100% interest in KUB-Gas LLC, a Ukrainian entity with five production licences and one exploration licence in eastern Ukraine with current gross production of approximately 3,800 boe/d.

“This transaction provides our company with a strong local Ukrainian partner in Burisma and an immediate increase in our equity position in KUBGAS from 30% to 35% for no additional consideration,” said Mikhail Afendikov, Chairman and Chief Executive Officer. “Our interest in KUBGAS continues to represent a very exciting growth project for the company, particularly with the recently announced reduction in royalties from 55% to 29% effective January 1, 2016.”

Key Benefits to Cub Energy

As a result of the transaction with Burisma, the Company will continue its participation as a 35% shareholder in KUBGAS instead of the prior 30% shareholding for no additional consideration. Based on Resano’s US \$30 million purchase price (the “Purchase Price”) of Serinus’ 70% interest in KUBGAS, the value of the increased 5% interest is approximately US \$2 million and is a direct benefit to the Company and its shareholders. The US \$2 million value is based on the original Purchase Price that was negotiated prior to the recently announced royalty reduction. The Company has the ability to further increase its ownership interest from 35% to 40% of KUBGAS based on the above mentioned conditions.

Cautionary Statements:

BOEs 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.

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

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Reader Advisory

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. Forward-looking information in this news release includes the expected sale by Serinus to Resano of 70% of KUBGAS, the receipt by Gastek from Serano of an additional 5% interest, the potential earning or acquisition by Gastek from Resano of up to a further 5% interest based on certain conditions and the obtaining of required regulatory approvals. Cub believes that the expectations reflected in the forward-looking information are reasonable; however, there can be no assurance those expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Ukraine, the Black Sea Region and globally; political unrest and security concerns in Ukraine; industry conditions, including fluctuations in the prices of natural gas; 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.

This cautionary statement expressly qualifies the forward-looking information contained in this news release. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.