



News Release

CUB ENERGY INC. OPERATIONS UPDATE FOR FOURTH QUARTER OF 2015

Houston, Texas – February 4, 2016 – Cub Energy Inc. (“**Cub**” or the “**Company**”) (TSX-V: **KUB**) provides the following update for its operations for the fourth quarter of 2015. This update includes ongoing operations from KUB-Gas LLC (“**KUB-Gas**”), which Cub has a 30% ownership interest, and Tysagaz LLC (“**Tysagaz**”), Cub’s 100% owned subsidiary.

Fourth Quarter Production and Realized Prices

Average production for the fourth quarter was approximately 1,353 boe/d (Cub WI), which was flat as compared to third quarter production of 1,350 boe/d. Production volumes at KUB-Gas declined approximately 5% due to natural declines with the absence of development drilling while production volumes at Tysagaz increased 15% due to a successful workover on the RK-23 well.

The estimated prices received in Ukraine current during the quarter were \$7.32 per thousand cubic feet (“**Mcf**”) and \$46.84 per barrel (“**bbl**”) for natural gas and liquids respectively. The comparable prices realized in the third quarter of 2015 were \$6.58/Mcf and \$42.91/bbl. Cub is paid in hryvnia (“**UAH**”), so the realized price in USD will continue to be influenced by changes in the exchange rate. The exchange rate went from 21.3 UAH/USD at the end of the third quarter to 24.2 UAH/USD at the end of the fourth quarter for an approximate 12% devaluation.

KUB-Gas Update

Pursuant to a letter agreement announced on February 1, 2016, the Company can earn up to an additional 10% ownership interest in KUB-Gas with the first 5% expected to be transferred for no additional consideration on or about February 8, 2016. The remaining 5% is earned subject to certain benchmarks and optional payments.

Tysagaz Update

In December 2015, a workover to recomplete the RK-23 well to the L-1 Upper was successful and the well is currently producing approximately 1.3 million cubic feet per day (“**MMcf/d**”). In January 2016, a workover at RK-21 set a retrievable plug above the current open perfs in the D-2 through D-3 Lower reservoirs and opened the D-0 reservoir for production. The workover was successfully completed and the well is on production at approximately 1.3 MMcf/d.

Outlook

The Company is evaluating the 2016 work program in light of the recently reduced royalty rate of 29% effective January 1, 2016. KUB-Gas has an inventory of drilling locations and several fracture stimulations candidates.

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.

Test results are not necessarily indicative of long-term performance or of ultimate recovery. The test data contained herein is considered preliminary until full pressure transient analysis is complete.

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. 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.