



## News Release

### CUB ENERGY INC. OPERATIONS UPDATE FOR FIRST QUARTER OF 2016

Houston, Texas – April 28, 2016 – Cub Energy Inc. (“**Cub**” or the “**Company**”) (TSX-V: **KUB**) provides the following update for its operations for the first quarter of 2016. This update includes ongoing operations from KUB-Gas LLC (“**KUB-Gas**”), which Cub has a 35%-ownership interest (increased from 30% effective February 8, 2016), and Tysagaz LLC (“**Tysagaz**”), Cub’s 100%-owned subsidiary.

#### First Quarter Production and Realized Prices

Average production for the first quarter was approximately 1,644 barrels of oil equivalent (“**boe/d**”) (Cub WI), which was a 22% increase over fourth quarter production of 1,353 boe/d. The majority of the increased production in the first quarter came from Tysagaz due to successful workovers on the RK-23 and RK-21 wells late in 2015 and early 2016 respectively. Tysagaz’s production volumes increased to 431 boe/d during the first quarter of 2016 as compared to 200 boe/d during the fourth quarter of 2015.

The estimated natural gas price received in Ukraine during the first quarter of 2016 was \$6.23 per thousand cubic feet (“**Mcf**”) as compared \$7.23/Mcf in the fourth quarter of 2015. 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 24.2 UAH/USD at the end of the fourth quarter of 2015 to 26.3 UAH/USD at the end of the first quarter of 2016 for an approximate 8% devaluation.

#### KUB-Gas Update

During the first quarter, the Company increased its ownership interest in KUB-Gas from 30% to 35% for no additional consideration and can increase its ownership by an additional 5% subject to certain benchmarks and optional payments. As a result of the Company’s increased interest, its share of KUB-Gas production volumes increased to 1,213 boe/d during the first quarter of 2016 as compared to 1,153 boe/d during the fourth quarter of 2015.

#### Tysagaz Update

During the first quarter, the Company set a retrievable plug at RK-21 above the current open perforations in the D-2 through D-3 lower reservoirs and opened the D-0 reservoir for production. On March 11, 2016, the Company was granted the 20-year term Uzhgorod production licence. The Uzhgorod licence covers approximately 75,000 acres which is a 50% increase from its original size of 50,000 acres. Subsequent to the quarter ended March 31, 2016, the Company temporarily suspended production at the RK field due to a termination of a gas blending contract. The Company is currently negotiating with third parties for a new blending agreement and also evaluating blending its own gas. The Company’s RK field production utilizes blending of gas whereby it extracts volumes of gas from the pipeline and blends it with its gas and infuses the resulting blended gas back in the pipeline. Production at RK represented approximately 26% of the Company’s first quarter production volume. The Company hopes to resume production at the RK Field in June 2016.

#### Outlook

The Company continues to evaluate its 2016 work programs. KUB-Gas plans to drill two wells and perform several fracture stimulations in 2016 which the Company expects will be self-funded by KUB-Gas. The Company may drill one new well on its 100%-owned western Ukraine licences pending sufficient operating cashflow and satisfactory blending arrangement.

**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 Ukraine. 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**

*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.*

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