



## News Release

### **CUB ENERGY INC. PARTNERS WITH NAFTA INTERNATIONAL TO JOINTLY DEVELOP UZHGOROD FIELD IN WESTERN UKRAINE**

Houston, Texas – July 8, 2016 – Cub Energy Inc. (“Cub” or the “Company”) (TSX-V: KUB) announces that it has entered into a share purchase agreement (“SPA”) and Shareholders’ Agreement (“SHA”) with NAFTA INTERNATIONAL B.V. (“NAFTA”), whereby NAFTA earns a 50% interest in the Company’s newly formed subsidiary, CNG Holdings Netherlands B.V. (“CNG”), which, in turn, owns CNG LLC (Ukraine LLC), 100% owner of the Uzhgorod production licence in western Ukraine.

Pursuant to the terms of the SPA, NAFTA is to:

- (i) Pay Cub €1.5 million (US \$1.7 million) upon transfer of the 50% shares (“Closing”). The Closing occurred earlier today and the transfer of funds is expected to be completed by Monday, July 11, 2016;
- (ii) Fund a 100 square kilometre 3D seismic survey within 20 months of Closing;
- (iii) Fund the drilling of first three wells within four years of Closing; and
- (iv) Fund the tie-in costs of the first three wells up to a maximum €0.2 million (US \$0.2 million) per well within four years of Closing.

Mikhail Afendikov, Cub’s Chief Executive Officer, said, “*We look forward to our new partnership with NAFTA and will leverage their oil and gas experience on the adjoining Slovakian field with our experience in the nearby producing Rusko-Komarivske (“RK”) field in western Ukraine. Together we plan to continue the exploration and development of the Uzhgorod licence. We hope to commence the 3D survey later in 2016.*”

#### **About the Uzhgorod Licence**

As disclosed in the Company’s press release dated March 14, 2016, the Company was awarded the 20-year Uzhgorod production licence with approximately 75,000 acres on March 11, 2016. The new expanded Uzhgorod licence is on trend with the discoveries in the Republic of Slovakia, which adjoins the licence on the west and the Company’s 100%-owned RK field in close proximity on the east. Approximately 35 line kilometres of 2D seismic data was acquired in 2013 on the original Uzhgorod exploration licence. The data has been processed and reviewed with several potential target locations identified.

#### **About NAFTA**

NAFTA INTERNATIONAL B.V. is a company 100% owned by NAFTA a.s. NAFTA a.s., a Slovakian-based company with extensive experience in natural gas storage and underground facility development and is the Slovak leader in exploration and production of hydrocarbons, including a producing field on the border of Slovakia and Ukraine. The storage capacity of natural gas underground facilities operated by NAFTA currently stands at 2.74 billion cubic metres.

Martin Bartosovic, NAFTA a.s.’s General Director said, “*We are delighted to have reached this agreement with Cub. We believe that our 60 years know-how of Eastern Slovakia geology and Cub’s local presence in Ukraine will allow us together to unlock the potential of the Uzhgorod license. We also believe that this project to be the first step in creation of NAFTA’s portfolio in Ukraine.*”

#### **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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