



News Release

CUB ENERGY INC. ANNOUNCES SPUDDING OF THE M-23 WELL IN EASTERN UKRAINE

Houston, Texas – August 8, 2016 – Cub Energy Inc. (“**Cub**” or the “**Company**”) (TSX-V: **KUB**) announces that KUB-Gas LLC (“**KUB-Gas**”), Cub’s 35%-owned subsidiary which owns and operates the eastern Ukraine licences, has commenced drilling of the Makeevskoye-23 (“**M-23**”) well. The M-23 well is planned to a total depth of 2,550 metres with multiple objectives. The M-23 well will be funded through existing KUB-Gas cashflow.

Rusko-Komarovske (“RK”) Field Update

Cub’s 100% owned subsidiary, Tysagaz LLC (“**Tysagaz**”), recently located a used nitrogen rejection unit (“**NRU**”) in the United States to be utilized on the RK Field in western Ukraine during the fourth quarter of 2016. Tysagaz is purchasing the NRU and it is being transported to Ukraine. If successfully installed and operated, the NRU should negate the need for the blending agreement and dependence on third parties.

Mikhail Afendikov, Chief Executive Officer of Cub said, “*We are happy to announce the resumption of drilling in eastern Ukraine. KUB-Gas’ resumption of active operations is a reflection of increased cashflow as a result of the reduced royalty from 55% to 29% effective January 1, 2016. We also believe we have found a long-term solution to RK Field and hope to resume production on the RK Field in western Ukraine in the fourth quarter.*”

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

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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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