



News Release

CUB ENERGY INC. ANNOUNCES NEW 20-YEAR PRODUCTION LICENCE WITH EXPANDED ACREAGE

Houston, Texas – December 28, 2016 – Cub Energy Inc. (“Cub” or the “Company”) (TSX-V: KUB) announces that its wholly-owned subsidiary, Tysgaz LLC, has been granted a new production licence with additional acreage in western Ukraine. The new Stanivske production licence covers approximately 31,000 acres, which is a 41% increase from the original exploration licence which was 22,000 acres.

The expanded Stanivske licence was awarded on December 23, 2016, by way of a Special Permit by the State Service of Geology and Mineral Resources of Ukraine, authorising full industrial production from the Stanivske licence for a 20-year term, during which the Company will be allowed to conduct both exploration and production activities. The new production licence replaces the previously issued five-year Special Permit for exploration, which expired on December 25, 2015 but not before the Company applied for the production licence.

A 45 square kilometre 3D seismic program was acquired by the Company in 2013 on the original Stanivske exploration licence. The geological and geophysical studies of the seismic and previously drilled wells, leads the technical team to believe the licence could hold commercial quantities of hydrocarbons warranting further exploration drilling.

Gas was discovered on the Stanivske licence by a prior operator in 1990 with the drilling of the Yab-2 well. There is currently no production nor any reserves associated with this field. To fund the exploration and development on this production licence, the Company is exploring its alternatives, including potential joint venture partners.

Mikhail Afendikov, Chief Executive Officer of Cub said, *“During the last two years, the Company’s focus has been to acquire key acreage and convert certain exploration licences to production licences. This has resulted in three new production licences, being the Stanivske and Uzhgorod production licences in Western Ukraine granted in 2016 (WI 100%) and the West Olgovskoye (WI 35%) production licence in Eastern Ukraine granted in 2015. Cub’s total acreage in Ukraine (east and west combined) is approximately 311,000 gross acres (142,000 net acres).”*

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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