News Release

Cub Energy Inc. Announces Q1 2017 Financial and Operational Results

Houston, Texas – May 17, 2017 – Cub Energy Inc. ("**Cub**" or the "**Company**") (**TSX-V: KUB**), a Ukraine-focused upstream oil and gas company, announced today its unaudited financial and operating results for the first quarter of 2017. All dollar amounts are expressed in United States Dollars unless otherwise noted. This update includes results from KUB-Gas LLC ("**KUB-Gas**"), which Cub has a 35% equity ownership interest, Tysagaz LLC ("**Tysagaz**"), Cub's 100% owned subsidiary and CNG LLC ("CNG"), which Cub has a 50% equity ownership interest.

Mikhail Afendikov, Chairman and CEO of Cub said: "*We are pleased to report income from our equity investment during the first quarter of 2017 amounted to $2.1 million and our net income was $0.9 million. The income from our equity investment was largely driven by a $6.88/mcf average natural gas price and a $4.58/mcfe netback. We're encouraged by the continued easement of capital controls by the National Bank of Ukraine including recent amendments allowing Ukraine companies to dividend out their 2016 earnings which was previously limited to 2014 and 2015 earnings. To date in 2017, the Company has received $1.3 million in dividends."*

Operational Highlights

- Production averaged 1,107 boe/d (97% weighted to natural gas and the remaining to condensate) for the quarter ended March 31, 2017, which decreased 33% as compared to the 1,644 boe/d in the comparative 2016 quarter and relatively flat as compared to the 1,152 boe/d average for the fourth quarter ended December 31, 2016. The decrease in production for the quarter ended March 31, 2017 as compared to the same period in 2016 was a result of the suspension of the RK field.
- Achieved average natural gas price of $6.88/Mcf and condensate price of $62.70/bbl during the quarter ended March 31, 2017 as compared to $6.23/Mcf and $28.29/bbl for the comparative 2016 period.
- A 118 square kilometer 3D seismic program was recently completed on the Uzhgorod licence which the Company has a 50% interest. The first 100 square kilometers was funded solely by the Company's partner and the balance of the program was paid evenly between the two partners. The 3D seismic will be interpreted and the Company hopes to identify drill targets.
- KUB-Gas recently completed a 150 kilometer 2D seismic survey on the West Olgovskoye licence in eastern Ukraine. KUB-Gas will utilize the 2D seismic survey to further delineate the best location for a 3D seismic survey with the goal of identifying drill targets.
- Subsequent to the quarter ended March 31, 2017, KUB-Gas spud the Olgovskoye-26 ("O-26") well in eastern Ukraine.

Financial Highlights

- Netbacks of $27.50/boe or $4.58/Mcfe for the quarter ended March 31, 2017 as compared to netback of $23.13/Boe or $3.86/Mcfe for the comparative 2016 quarter.
- During the three months ended March 31, 2017, the Company received dividends of approximately $0.3 million (2016 - $Nil) from KUBGAS Holdings Limited ("KUBGAS"), which owns 100% of KUB-Gas. Subsequent to the quarter ended March 31, 2017, the Company received a further $1.0 million in dividends from KUBGAS. The National Bank of Ukraine ("NBU") eased certain capital controls by allowing limited dividends. The Company expects to continue to repatriate dividends to the extent possible and allowed by the NBU, although there are no assurances the NBU will continue to ease restrictions indefinitely.

- Commencing August 2016, the Company's 100% owned subsidiary, Tysagaz, began taking possession of its 35% ownership of gas produced at KUB-Gas. Tysagaz purchased the gas from KUB-Gas at the same price that KUB-Gas sold its gas to an affiliate of the majority shareholder of KUB-Gas. During three months ended March 31, 2017, the Company recorded $4.0 million in gas sales and $3.8 million in cost of the sales for a net profit from gas trading of $0.2 million as compared to no such transactions during 2016.

(in thousands of US Dollars)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Petroleum and natural gas revenue	18	1,456
Pro-rata petroleum and natural gas revenue(1)	4,183	5,903
Revenue from gas trading	3,995	-
Net income	916	1,457
Income per share – basic and diluted	0.00	0.00
Funds generated from operations(2)	(990)	(109)
Pro-rata funds generated from operations(3)	1,391	1,215
Capital expenditures(4)	798	138
Pro-rata capital expenditures(4)	1,468	287
Pro-rata netback ($/boe)	27.50	23.13
Pro-rata netback ($Mcfe)	4.58	3.86

	March 31, 2017	December 31, 2016
Working capital	1,219	3,255
Cash and cash equivalents	3,776	4,585
Long-term debt	5,087	6,332

Notes:

(1) Pro-rata petroleum and natural gas revenue is a non-IFRS measure that adds the Company's petroleum and natural gas revenue earned in the respective periods to the Company's 35% equity share of the KUB-Gas natural gas sales that the Company has an economic interest in.

(2) Funds from operations is a non-IFRS measure and is defined as cash flow from operating activities, excluding changes in non-cash working capital.

(3) Pro-rata funds from operations is a non-IFRS measure that adds the Company's funds from operations in the respective periods to the Company's 35% equity share of the KUB-Gas and 50% equity share of CNG Holdings funds from operations that the Company has an economic interest in.

(4) Capital expenditures includes the purchase of property, plant and equipment and the purchase of exploration and evaluation assets. Pro-rata capital expenditures is a non-IFRS measure that adds the Company's capital expenditures in the respective periods to the Company's 35% equity share of the KUB-Gas and 50% equity share of CNG Holdings capital expenditures that the Company has an economic interest in.

Outlook

The Company expects KUB-Gas to drill two new Olgovskoye field wells in 2017 which will be self-funded by KUB-Gas. The first well, O-26, was spudded and is expected to be drilled to a depth of 3,150 meters. This well is expected to be followed by the O-28 well later in 2017. KUB-Gas will also commence a review and interpretation of a 150 kilometer 2D seismic survey on the West Olgovskoye licence in eastern Ukraine.

In western Ukraine, the Company continues with the trouble shooting and optimization of the nitrogen rejection unit ("NRU") with a goal of resuming production at the RK field. Also in western Ukraine, CNG LLC completed a 118 square kilometer 3D seismic program and will commence interpretation shortly to identify drill targets.

Supporting Documents

Cub's complete quarterly reporting package, including the unaudited interim financial statements and associated Management's Discussion and Analysis, have been filed on SEDAR (www.sedar.com) and has been posted on the Company's website at www.cubenergyinc.com.

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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Oil and Gas Equivalents

A barrel of oil equivalent ("boe") or units of natural gas equivalents ("Mcfe") is calculated using the conversion factor of 6 Mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. A boe conversion ratio of 6 Mcf: 1 bbl (barrel) or a Mcfe conversion of 1bbl: 6 Mcf is, based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

To the best of the Company's knowledge, the disclosure in this press release is prepared in accordance with NI 51-101 standards.

Reader Advisory

With the current cash resources, suspension of the RK field, uncertainty surrounding the successful installation of the NRU, dividend restrictions, currency fluctuations, reliance on a limited number of customers, and impact on carrying values, the Company may not have sufficient cash to continue the exploration and development activities. These matters raise significant doubt about the ability of the Company to continue as a going concern and meet its obligations as they become due.

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 and foreign currency; 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 fourth 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 realize 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.