HOUSTON, TEXAS--(Marketwired - Apr 14, 2015) - Cub Energy Inc. ("Cub" or the "Company") (TSX VENTURE:KUB) provides the following update for its operations for the first quarter of 2015. This update includes ongoing operations from KUB-Gas LLC ("KUB-Gas"), which Cub has a 30% ownership interest, and Tysagaz LLC ("Tysagaz"), Cub's 100% owned subsidiary.

First Quarter Production and Realized Prices

Average production for the first quarter was approximately 1,654 boe/d (Cub WI), representing a 21.7% decrease from 2,112 boe/d in the fourth quarter. Production for the first nine days of April has averaged 1,609 boe/d. Production in Ukraine continues to be below capacity due to the lingering effects of government legislation attempting to reserve a large share of the natural gas market for the state owned National Joint Stock Company Naftogaz ("Naftogaz").

The estimated prices received in Ukraine during the quarter were $7.98 per thousand cubic feet ("Mcf") and $36.63 per barrel ("bbl") for natural gas and liquids respectively. The comparable prices realized in Q4 2014 were $9.62/Mcf and $72.34/bbl. Cub is paid in UAH, so the realized price in USD will continue to be influenced by changes in the exchange rate. The exchange rate has deteriorated further during the first quarter as the rate went from 16.4 UAH/USD at the end of the fourth quarter to 23.5 UAH/USD at the end of the first quarter, or a 30.3% devaluation.

Drilling & Workover Update

Completion and testing operations are underway in the M-22 well in Ukraine. A total of six zones are being tested. Logs and drilling data indicated 18 metres of net pay in two zones, including the S13a, which has not been previously tested in the area. The well also encountered four other zones with aggregate thickness of 22 metres that have resource potential. All testing is expected to be completed in the second quarter. A flowline was pre-built in 2014, and the tie-in is anticipated to be finished in the second quarter, pending regulatory approvals.

Ukraine Legislative Developments

As disclosed in the Company's press release of December 4, 2014, during November 2014, the Ukraine government issued three decrees (No.'s 596, 599, and 647), which cumulatively required 170 of the largest gas consumers in Ukraine to purchase their gas solely from Naftogaz until the end of February 2015. A Ukraine court subsequently overturned these regulations, and this decision was subsequently upheld on appeal. The government appealed again, but on March 31, 2015, the High Administrative Court of Ukraine dismissed the government's claims in their entirety. The market has started to readjust, with increased volumes starting in April.

On March 3, 2015, the National Bank of Ukraine issued Resolution No. 160, which extended most of the existing restrictions on foreign currency transactions set out in Resolution No. 758, including the cross-border dividend restriction, and introduced several additional restrictions, all to be effective until June 3, 2015. These restrictions continue to make it difficult for repatriating dividends from Ukraine.

Also on March 3, 2015, the government passed a bill reinstating the two-year royalty relief period for new gas wells. The effective rate for natural gas from new wells will be 30.25% (for wells with depth less than 5,000 metres) for two years, commencing on the spud date. Tysagaz's RK-23 well and KUB-Gas' M-17 and M-22 wells will both qualify as new, for royalty purposes, effective April 1, 2015.

Outlook

Cub is re-evaluating its future capital programs on its 100% owned and operated Tysagaz assets in light of the recent changes in royalty rates and the temporary cross-border dividend restriction. At present, the Company is considering several workovers in late 2015. At KUB-Gas, the current plans remain unchanged and include completion, testing and tie in of the M-22 well (currently underway), and field compression for Olgovskoye field (second quarter). The Company and its partner may consider further drilling opportunities, but will be dependent on keeping expenditures within operating cash flow and no further material adverse changes in either the fiscal terms or the security situation in and around the Ukraine licences. More specifically, once economic conditions improve, KUB-Gas has a significant inventory of drilling locations and other projects in the Ukraine licences including:

- Firm drilling locations at M-15, M-24, M-25 and NM-4. Management anticipates that this inventory will increase pending a successful test on M-22, as those results are assimilated into the geological model for the area.
- Fracture stimulations candidates at M-16, O-11, O-15 and NM-3.

Ukraine Gas Prices

The official gas price (the "Limit Price") for the month of April is 7,200 UAH per thousand cubic meters ("Mcm") (excluding

20%VAT), or $8.45/Mcf using an exchange rate of 24 UAH/USD. The Limit Price is the maximum price at which gas can be sold to industrial consumers. It is set each month by the National Commission for Energy Regulation and is generally based on the import price. The actual price received by Cub will also be influenced negatively by the previously mentioned legislation reserving large parts of the Ukrainian gas market for Naftogaz. The market has been slow to readjust and to the extent that it does not return to its pre-legislative levels, increased competition for the remaining creditworthy customers may lead to lower realized gas prices. The actual price received will also be affected by the approximate 10% profit margin of the intermediaries through which the gas is sold.

On April 2, 2015, Ukraine signed an agreement with Gazprom to import gas from Russia for the following three months at a price of $248 per Mcm, or approximately $6.99/Mcf. The effects of this agreement on future Limit Prices is not yet known.

Royalties are payable on the Limit Price set each month. To the extent that realized prices are lower due to sales expenses or weak markets, the effective royalty rates will be higher.

Cautionary Statement:

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.

Test results are not necessarily indicative of long-term performance or of ultimate recovery. The test data contained herein is considered preliminary until full pressure transient analysis is complete.

About Cub Energy Inc.

Cub Energy Inc. (TSX VENTURE:KUB) is an upstream oil and gas company, with a proven track record of exploration and production cost efficiency in the Black Sea region. 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.

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.

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.

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