HOUSTON, TEXAS--(Marketwired - Aug 13, 2015) - Cub Energy Inc. ("Cub" or the "Company") (TSX VENTURE:KUB), a Black Sea region-focused upstream oil and gas company, announced today its unaudited interim financial and operating results for the second quarter of 2015. All dollar amounts are expressed in United States Dollars. This update includes results from KUB-Gas LLC ("KUB-Gas"), which Cub has a 30% ownership interest, and Tysagaz LLC ("Tysagaz"), Cub's 100% owned subsidiary.

Operational Highlights

- Second quarter 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") and lack of reinvestment over the last twelve months.
- Production averaged 1,414 boe/d (98% natural gas) for the three months ended June 30, 2015, representing a 24% decrease from 1,868 boe/d in the comparative 2014 quarter and a 14% decrease from the 1,644 boe/d production averaged for the three months ended March 31, 2015.
- Achieved average natural gas price of $7.08/Mcf and condensate price of $46.89/bbl during the three months ended June 30, 2015 as compared to $10.23/Mcf and $79.86/bbl for the comparative 2014 period and $7.77/Mcf and $39.83/bbl for the three months ended March 31, 2015.
- During the first and second quarters of 2015, the Company upgraded the separation and dehydration process at the RK facility (100% WI) in western Ukraine.
- KUB-Gas acquired the West Olgovskoye block in eastern Ukraine which immediately offsets the Olgovskoye and North Makeevskoye licences. It covers an area of 449 km^2 (approximately 111,000 acres), and surrounds (but does not include) the existing Druzhelyubovskoe gas/condensate field, and vintage 2D seismic data suggests the existence of additional undrilled structures.
- The compression unit has been installed at the Olgovskoye field facilities at KUB-Gas and is now in operation.

Financial Highlights

- Netbacks of $11.67/boe or $1.95/Mcfe for the three months ended June 30, 2015 as compared to netback of $41.46/Boe or $6.91/Mcfe for the same period in 2014 when royalty rates were 28% versus the current 55% (reduced to 30.25% for new wells). In addition, netbacks were $11.64/Boe or $1.92/Mcfe for the quarter ended March 31, 2015.
- Revenue from hydrocarbon sales for the three months ended June 30, 2015 was $0.9 million (2014 - $1.7 million).
- Revenue from hydrocarbon sales by KUB-Gas for the three months ended June 30, 2015 were $15.5 million (2014 - $29.4 million) of which the Company's 30% share was $4.6 million (2014 - $8.8 million).
- The total pro-rata revenue from hydrocarbon sales, a non-IFRS measure combining the Company's revenue and 30% of the allocated KUB-Gas revenue, totaled $5.5 million (2014 - $10.5 million) for the three months ended June 30, 2015.
- The Company received $3.1 million in dividends during the three months ended June 30, 2014 as compared to no dividends during the current quarter. Due to the National Bank of Ukraine resolution prohibiting cross-border dividends, it is unclear when dividends will resume. The Company continues to review alternatives for repatriating dividends.
- The Company's net income from its 30% equity investment in KUB-Gas for the three months ended June 30, 2015 was $0.5 million (2014 - $3.4 million) which was impacted by lower gas prices, increased royalty rates (from 28% to 55%) and lower gas volumes.
- The net loss for the Company for the three months ended June 30, 2015 was $0.7 million or $0.00 per share (2014 - net profit of $2.2 million or $0.01 per share).
- Capital expenditures were less than $0.01 million (2014 - $3.0 million) for the three months ended June 30, 2015 and the pro-rata capital expenditures, a non-IFRS measure combining the Company's capital expenditures and 30% of the allocated KUB-Gas capital expenditures, totaled $0.4 million (2014 - $4.7 million) for the three months ended June 30, 2015.
- With the current cash resources, no further funding in 2015 under the existing line of credit with Pelicourt Limited, dividend restrictions, currency fluctuations, reliance on a single customer, 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.

(in thousands of US Dollars)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Petroleum and natural gas revenue	856	1,693	2,632	3,394
Pro-rata petroleum and natural gas revenue(1)	5,514	10,505	12,398	19,239
Net profit (loss)	(651)	2,192	(1,874)	1,277
Earnings (loss) per share - basic and diluted	(0.00)	0.01	(0.01)	0.00
Funds generated from operations(2)	(804)	2,502	(558)	2,376
Pro-rata funds generated from operations(3)	(121)	4,503	23	6,894
Capital expenditures(4)	44	3,034	127	4,108
Pro-rata capital expenditures(4)	390	4,662	930	7,884
Pro-rata netback ($/boe)	11.67	41.46	11.64	35.89
Pro-rata netback ($Mcfe)	1.95	6.91	1.94	5.98

	June 30, 2015	December 31, 2014
Working capital (deficit)	(780)	704
Cash and cash equivalents	1,203	1,728
Long-term debt	2,000	2,000

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 30% equity share of the KUB-Gas petroleum and 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 30% equity share of the KUB-Gas 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 30% equity share of the KUB-Gas capital expenditures that the Company has an economic interest in.

Outlook

Cub is re-evaluating its future capital programs on its 100% owned and operated Tysagaz assets in light of the proposed reduction of royalty rates scheduled to be effective October 1, 2015, subject to parliamentary approval. If financing becomes available and/or government policy changes, the Company is considering several workovers in late 2015 or early 2016. The Company needs to reinvest capital in its operations to sustain or increase current production levels.

KUB-Gas may consider additional capital expenditures on development projects during the balance of 2015, subject to keeping such 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. A three well fracture stimulation program for O-11, O-15 and M-22 is being considered for later this year, pending the approval of the new royalty regime and cash availability.

Once economic conditions improve, KUB-Gas has an inventory of drilling locations and other projects in the Ukraine licences including:

- Ten firm drilling locations in the Olgovskoye, Makeevskoye and North Makeevskoye licences, plus up to seven more locations contingent upon success. KUB-Gas expects this inventory to grow once the technical team examines the data on the newly acquired West Olgovskoye licence.
- Several fracture stimulations candidates in addition to the three mentioned above.

The limit price for July at which gas can be sold to industrial customers is UAH 6,600 per Mcm. At the current exchange rate of 21.0 UAH/USD, that is equivalent to $8.86/Mcf. The price that the Company receives has been at least 10% lower, reflecting the margins of the traders through whom the gas is sold, and lingering effects of the government decrees.

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 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

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.

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 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 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 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.

Contact

Cub Energy Inc.
Mikhail Afendikov
Chairman and Chief Executive Officer
(713) 677-0439
mikhail.afendikov@cubenergyinc.com
Cub Energy Inc.
Patrick McGrath
Chief Financial Officer
(713) 577-1948
patrick.mcgrath@cubenergyinc.com
www.cubenergyinc.com