HOUSTON, TEXAS--(Marketwired - Nov 12, 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 third 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

- Third quarter production in Ukraine continues to be below capacity due to the normal seasonal demand weakness and lack of reinvestment over the last fifteen months.
- Production averaged 1,350 boe/d (98% natural gas) for the three months ended September 30, 2015, representing a 38% decrease from 2,174 boe/d in the comparative 2014 quarter and a 5% decrease from the 1,414 boe/d production averaged for the three months ended June 30, 2015.
- Achieved average natural gas price of $6.58/Mcf and condensate price of $43.01/bbl during the three months ended September 30, 2015 as compared to $10.16/Mcf and $81.47/bbl for the comparative 2014 period and $7.08/Mcf and $46.89/bbl for the three months ended June 30, 2015.
- At KUB-Gas, the R30c zone in the O-11 well has been successfully fracture stimulated and the most recent test rates are approximately 1.0 - 1.4 million cubic feet per day ("MMcf/d"). Operations on the O-15 well failed to get the fracture stimulation into the formation. The proppant was unable to travel beyond the perforation due to excessive fluid loss and insufficient fracture width. The well was re-perforated and is currently producing 1.2 MMcf/d, 20% higher than its pre-stimulation rate.
- KUB-Gas completed the field work and preliminary processing of a 26 kilometer 2D seismic survey West Olgovskoye licence, located in eastern Ukraine and 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.
- The Company upgraded the separation and dehydration process at the RK facility (100% WI) in western Ukraine.

Financial Highlights

- Netbacks of $14.88/boe or $2.48/Mcfe for the three months ended September 30, 2015 as compared to netback of $29.64/Boe or $4.94/Mcfe for the same period in 2014 when royalty rates were 28% through July 31, 2014 versus the current 55% (reduced to 30.25% for new wells). In addition, netbacks were $11.67/Boe or $1.95/Mcfe for the quarter ended June 30, 2015.
- Revenue from hydrocarbon sales for the three months ended September 30, 2015 was $0.7 million (2014 - $1.4 million).
- Revenue from hydrocarbon sales by KUB-Gas for the three months ended September 30, 2015 were $14.2 million (2014 - $36.1 million) of which the Company's 30% share was $4.2 million (2014 - $10.8 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 $4.9 million (2014 - $12.2 million) for the three months ended September 30, 2015.
- The Company recorded $0.4 million in dividends during the three months ended September 30, 2015 (2014 - $3.5 million) through offsetting financial instruments. The National Bank of Ukraine currently prohibits cross-border dividends and it is unclear when dividends will resume. The Company continues to review alternatives for repatriating capital.
- The Company's net income from its 30% equity investment in KUB-Gas for the three months ended September 30, 2015 was $0.8 million (2014 - $2.7 million) which was impacted by lower gas prices and lower gas volumes.
- The net loss for the Company for the three months ended September 30, 2015 was $0.2 million or $0.00 per share (2014 - $19.4 million or $0.06 per share). During 2014, the net loss was impacted by impairment charges of $20.8 million on its exploration and evaluation assets.
- There were no capital expenditures for the three months ended September 30, 2015 (2014 - $2.8 million) 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 - $3.1 million) for the three months ended September 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 September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2
Petroleum and natural gas revenue	655	1,444	3,287	4,838
Pro-rata petroleum and natural gas revenue[(1)]	4,919	12,280	17,317	31,519
Net profit (loss)	(214)	(19,399)	(2,088)	(18,122)
Earnings (loss) per share - basic and diluted	(0.00)	(0.06)	(0.01)	(0.06)
Funds generated from operations[(2)]	(391)	2,873	(949)	5,249
Pro-rata funds generated from operations[(3)]	752	4,203	775	11,097
Capital expenditures[(4)]	-	2,671	127	6,779
Pro-rata capital expenditures[(4)]	379	3,119	4,332	11,003
Pro-rata netback ($/boe)	14.88	29.64	12.64	33.56
Pro-rata netback ($Mcfe)	2.48	4.94	2.11	5.59

	September 30, 2015	December 31, 2014
Working capital (deficit)	(1,005)	704
Cash and cash equivalents	1,509	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

The Company is re-evaluating its future capital programs on its 100% owned and operated Tysagaz assets in light of the proposed reduction of royalty rates which are subject to parliamentary approval. At present, 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 eastern Ukraine licences.

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 team examines the data on the newly acquired West Olgovskoye licence.
- Several fracture stimulations candidates in addition to the three recent performed.

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

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. 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.

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