HOUSTON, TEXAS--(Marketwired - March 16, 2016) - Cub Energy Inc. ("Cub" or the "Company") (TSX VENTURE:KUB), a Ukraine-focused upstream oil and gas company, announced today its audited annual financial and operating results for the fourth 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 35% ownership interest (30% ownership for 2015 results), and Tysagaz LLC ("Tysagaz"), Cub's 100% owned subsidiary.

Operational Highlights

- Fourth quarter production in Ukraine continues to be below capacity due to lack of reinvestment over the last eighteen months.
- Production averaged 1,353 boe/d (98% natural gas) for the quarter ended December 31, 2015, representing a 36% decrease from 2,112 boe/d in the comparative 2014 quarter and flat from the 1,350 boe/d average production for the third quarter ended September 30, 2015.
- Production averaged 1,433 boe/d (98% natural gas) for the year ended December 31, 2015, representing a 28% decrease from 1,995 boe/d in 2014 reflecting natural declines with limited reinvestment.
- Achieved average natural gas price of $7.22/Mcf and condensate price of $42.78/bbl during the year ended December 31, 2015 as compared to $9.70/Mcf and $78.19/bbl for 2014.
- Achieved average natural gas price of $7.32/Mcf and condensate price of $46.84/bbl during the quarter ended December 31, 2015 as compared to $9.62/Mcf and $72.34/bbl for the comparative 2014 quarter and $6.58/Mcf and $43.01/bbl for the third quarter ended September 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 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 very old vintage 2D seismic data suggests the existence of additional undrilled structures.
- In December 2015, a workover to recomplete the RK-23 well to the L-1 Upper was successful and the well is currently producing approximately 1.3 MMcf/d.
- In January 2016, a workover at RK-21 set a retrievable plug above the current open perforations in the D-2 through D-3 Lower reservoirs and opened the D-0 reservoir for production. The workover was successfully completed and the well is on production at approximately 1.3 MMcf/d.
- Subsequent to the year ended December 31, 2015, the Company received an additional 5% interest in KUB-Gas for a total 35% ownership interest. The Company has the ability to further increase its ownership interest from 35% to 40% on meeting certain benchmarks and optional payments.
- Subsequent to the year ended December 31, 2015, the Company was granted a 20-year term production licence with additional acreage in western Ukraine. The Uzhgorod licence covers approximately 75,000 acres which is a 50% increase from its original size of 50,000 acres.

Financial Highlights

- Netbacks of $12.74/boe or $2.12/Mcfe for the year ended December 31, 2015 as compared to netback of $30.38/Boe or $5.06/Mcfe for 2014 when royalty rates were 28% through July 31, 2014 versus the current 55% (reduced to 29% effective January 1, 2016).
- Netbacks of $13.13/boe or $2.19/Mcfe for the quarter ended December 31, 2015 as compared to netback of $21.47/Boe or $3.58/Mcfe for the comparative 2014 quarter when gas prices were materially higher. In addition, netbacks were $14.88/Boe or $2.48/Mcfe for the third quarter ended September 30, 2015.
- Revenue from hydrocarbon sales for the three months ended December 31, 2015 was $0.9 million (2014 - $2.2 million).
- Revenue from hydrocarbon sales by KUB-Gas for the three months ended December 31, 2015 were $15.2 million (2014 - $30.4 million) of which the Company's 30% share was $4.6 million (2014 - $9.1 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 - $11.3 million) for the three months ended December 31, 2015.
- The Company recorded $1.8 million in dividends during the year ended December 31, 2015 (2014 - $7.6 million) including $0.4 million through offsetting financial instruments in 2015. 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 year ended December 31, 2015 was $1.3 million (2014 - $6.5 million) which was impacted by lower gas prices and lower gas volumes.
- The Company's net loss from its 30% equity investment in KUB-Gas for the three months ended December 31, 2015 was $0.1 million (2014 - $0.7 million) which was impacted by impairment charges in both periods.
- The net loss for the Company for the three months ended December 31, 2015 was $1.1 million or $0.00 per share (2014 - $5.3 million or $0.02 per share). The net losses were impacted by impairment charges of $1.0 million and $4.6 million on its oil and gas assets during 2015 and 2014, respectively.
- The net loss for the Company for the year ended December 31, 2015 was $3.1 million or $0.01 per share (2014 - $23.5 million or $0.08 per share). The net losses were impacted by impairment charges of $1.0 million and $25.4 million on its oil and gas assets during 2015 and 2014, respectively.
- There were $0.2 million in capital expenditures for the year ended December 31, 2015 (2014 - $7.4 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 $1.9 million (2014 - $12.9 million) for the year ended December 31, 2015.

- With the current cash resources, no further funding in 2016 under the existing line of credit with Pelicourt Limited, 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.

(in thousands of US Dollars)	Three Months Ended December 31, 2015	Three Months Ended December 31, 20
Petroleum and natural gas revenue	923	2,154
Pro-rata petroleum and natural gas revenue[(1)]	5,489	11,271
Net profit (loss)	(1,053)	(5,345)
Earnings (loss) per share - basic and diluted	(0.00)	(0.02)
Funds generated from operations[(2)]	(797)	(930)
Pro-rata funds generated from operations[(3)]	(15)	1,454
Capital expenditures[(4)]	72	1,211
Pro-rata capital expenditures[(4)]	476	2,484
Pro-rata netback ($/boe)	13.13	21.47
Pro-rata netback ($Mcfe)	2.19	3.58

	December 31, 2015	December 31, 2014
Working capital (deficit)	(1,722)	704
Cash and cash equivalents	1,360	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 revenu 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-c

(3) Pro-rata funds from operations is a non-IFRS measure that adds the Company's funds from operations in the respective periods 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 ass the Company's capital expenditures in the respective periods to the Company's 30% equity share of the KUB-Gas capital expenditu

Outlook

The Company is evaluating the 2016 work programs in light of the recently reduced royalty rate of 29% effective January 1, 2016. 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.

The Company expects KUB-Gas to drill two wells and perform several fracture stimulations in 2016 which the Company expects will be self-funded by KUB-Gas. The Company would like to drill one new well on its 100% owned western Ukraine licences pending sufficient operating cashflow.

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 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

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 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.

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