

HOUSTON, TEXAS--(Marketwired - Jun 19, 2017) - [Cub Energy Inc.](#) ("Cub" or the "Company") (TSX VENTURE:KUB) has contracted to purchase a new nitrogen rejection unit ("NRU") to re-commence production on its wholly-owned RK field in Western Ukraine. The new NRU is manufactured in the United States by Sep-Pro Systems Inc. (www.sepprosystems.com), which specializes in the design and manufacture of NRUs, as well other separation and recovery processes in the oil and gas sector. The new NRU is expected to be operational in Ukraine by yearend. The NRU comes with manufacturer warranties on operational capabilities and Sep-Pro will supervise the installation and field test of the NRU as part of its contracted services. Also, the NRU will be skid mounted so it can be utilized on any of the Company's gas fields in the future.

Mikhail Afendikov, Chairman and CEO of Cub said: "*The hiring of our new COO, Kerry Kendrick, resulted in a re-evaluation of the western Ukraine operations and we collectively believe the new NRU is the best option for Cub and its shareholders to resume production and cashflow at our wholly-owned RK field.*"

The RK field production was suspended on April 1, 2016, upon the expiration of the Company's gas blending agreement. The natural gas from the existing RK wells contains nitrogen content that exceeds the allowable limit per the Ukraine Code of Gas Pipeline System. The Company will also continue to optimize the used NRU it purchased in 2016; however it is not expected to yield material production.

Capital Financing

The new NRU is expected to cost approximately US \$1.6 million with half this amount due in the first 30 days. To fund the purchase, the Company will utilize cash on hand and will borrow US \$1 million (the "Loan") from an officer of the Company (the "Lender"). The Loan will bear interest at a rate of 6% per annum and payable monthly. The Company will also issue 2.2 million common shares to the Lender as a Loan bonus. The Loan will be repaid in four equal quarterly installments commencing September 30, 2018 and ending on June 30, 2019. The Loan and the issuance of the common shares are subject to regulatory approval. The Lender was also granted security over Gastek which indirectly owns the 35% interest in KUB-Gas. The security is available on an event of default and limited only to the amount owing on the Loan including principal and interest. The security is pari passu and equal to the security granted to Pelicourt Ltd. under its existing line of credit.

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

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 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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