



News Release

Cub Energy Inc. Announces Spudding of WO well in Eastern Ukraine

Houston, Texas – May 24, 2018 – Cub Energy Inc. (“**Cub**” or the “**Company**”) (TSX-V: **KUB**), a Ukraine-focused upstream oil and gas company, announces that KUB-Gas LLC (“**Kub-Gas**”), Cub’s 35%-owned subsidiary which owns and operates the eastern Ukraine licences, has commenced drilling of the North Yatskivska #3 (“**NY-3**”) well on the West Olgovskoye (“**WO**”) licence. The NY-3 well is planned to a total depth of 2,300 metres to evaluate several prospective horizons. The NY-3 well is funded through existing Kub-Gas cashflow.

The WO licence is a relatively new licence obtained in 2015 that is on strike to the producing Olgovskoye and Makeevskoye licences. The WO licence surrounds, but does not include, the existing Druzhelyubovskoe gas/condensate field, which has produced over 180 billion cubic feet (“**Bcf**”) of gas since 1979, from the same Moscovian and Bashkirian zones that produce in Kub-Gas’ Olgovskoye and Makeevskoye licences.

Mikhail Afendikov, Chairman and CEO of Cub said: “*We are pleased to spud our first well on WO and anticipate shooting a 3D seismic program on the licence later in 2018 and into 2019 to further delineate further prospects.*”

About Cub Energy Inc.

Cub Energy Inc. (TSX-V: 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

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Oil and Gas Equivalents

A barrel of oil equivalent (“boe”) or units of natural gas equivalents (“Mcf”) 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.

The disclosure in this press release is prepared in accordance with NI 51-101 standards.

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 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.