Cuda Oil and Gas Inc. Announces an Operations Update at its Shannon Secondary Recovery Unit in the Powder River Basin, Wyoming

Calgary, Alberta--(Newsfile Corp. - May 19, 2020) - Cuda Oil and Gas Inc. (TSXV: CUDA) ("**Cuda**" or the "**Company**") is pleased to announce an operations update at its Shannon Secondary Recovery Unit ("**SSRU**") in the Powder River Basin, Wyoming. Production response from the gas flood at the SSRU has been widespread and prolific. Thirteen (13) of a total of thirty-four (34) producing wells have experienced a significant increase in oil production. In January 2020, the combined production of these 13 wells averaged 500 bbls/d; in March 2020, these wells produced an average of 710 bbls/d. This represented over 40% growth in production, after only two months of injection and at injection rates well below field capability. Importantly too, these 13 wells are located across the entire SSRU, implying that the permeability and homogeneity of the reservoir is better than currently modelled.

Average operating production for SSRU reached 1,375 bbls/d (375 bbls/d net) in March 2020. New drilling in combination with injectivity response allowed production to peak at 1900 bbls/d (520 bbls/d net). For perspective, 1432 bbls/d (396 bbls/d net) is the projected 2020 exit rate of the Proven Developed category of the Ryder Scott reserves report dated December 31, 2019.

The Company continues to ramp up injection efforts. Four (4) injectors were online in January 2020, another three (3) came online in March 2020, and another one (1) is expected to come online in late Q2 or early Q3.

Glenn Dawson, President and Chief Executive Officer of Cuda, stated: "The production results at the SSRU validate the asset and our miscible gas-flood program and further substantiate our investment in the project. The SSRU's performance continues to draw comparisons to the proximal Sand Dunes Muddy Unit which saw its production increase over 250% in less than six months under miscible flood."

Dawson also added "As the SSRU continues to outperform our simulation models, we estimate our current breakeven price of approximately US$15/bbl WTI will decline. Additionally, the current price differential at Guernsey (SSRU delivery point) trades at a US$2.45/bbl premium to WTI, giving additional downside protection. The challenged pricing environment for natural gas also works in our favor for injection as we seek to pressure up the reservoir to enhance future recoveries of this long-term asset."

Highlights

- Recently drilled fifteen (15) new wells at 100% success rate. Eleven (11) new producers and four (4) new injectors are online as of March 2020.
- Source Natural Gas Pipeline with 15 MMcf/d of capacity was commissioned and online in February 2020. The total purchased natural gas averaged 1.8 MMcf/d in March at an average price of US$1.60 per mcf. Pricing for injectant continues to trend lower, with average cost of April natural gas at US$1.47 per mcf and April Y-Grade liquid injectant at US$0.15 per gallon.
- Currently 7 injectors are online with the total injection rate including Sourced Natural Gas, Field Solution Gas and Y-Grade liquid injectant at 2.7 MMcf/d equivalent in March 2020 and 2.5 MMcf/d equivalent in April. Targeted injection rates for May and June 2020 is 4.0 MMcf/d and 6.0 MMcf/d equivalent, respectively. Total SSRU injection capability is expected to be 8.0 MMcf/d with the existing development.

About Cuda Oil and Gas Inc.

Cuda Oil and Gas Inc. is engaged in the business of exploring for, developing and producing oil and natural gas, and acquiring oil and natural gas properties across North America. The Cuda management team has worked closely together for over 20 years in both private and public company environments and has an established track record of delivering strong shareholder returns. Cuda will continue to implement its proven strategy of exploring, acquiring, and exploiting with a long-term focus on large, light oil resource- based assets across North America including significant operational experience in the United States. The Cuda management team brings a full spectrum of geotechnical, engineering, negotiating and financial experience to its investment decisions.

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Forward-Looking Information

This news release contains forward-looking information. All statements other than statements of historical fact included in this release are forward-looking statements that involve various risks and uncertainties and are based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management. In particular, this news release includes forward-looking information relating to the Company's gas flood program at SSRU, anticipated production increases as a result of development drilling and the gas flood program, reservoir conditions, estimated breakeven prices, exploration and development activities, and activity levels in the Company's core areas. Risk factors that could prevent forward-looking statements from being realized include market conditions, third party and regulatory approvals, ongoing permitting requirements, the actual results of current exploration and development activities, operational risks, risks associated with drilling and completions, uncertainty of geological and technical data, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future oil and gas prices. Although Cuda has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Oil and Gas Advisories

This news release provides certain information relating to production increases from gas-injection operations on properties in close proximity to the Company's properties, which is "analogous information" as defined by applicable securities laws. This analogous information is derived from publicly available information sources, which Cuda believes are independent in nature. Estimates by engineering and geotechnical practitioners may vary and the differences may be significant. Cuda believes that the provision of this analogous information is relevant to its activities and forecasting, given its interest in properties in the area; however, readers are cautioned that there is no certainty that any forecasts provided herein based on analogous information will be accurate.

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