Mart Announces Financial and Operating Results for the Nine Months Ended September 30, 2013

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CALGARY, ALBERTA--(Marketwired - Nov 19, 2013) - Mart Resources Inc. (TSX VENTURE:MMT) ("Mart" or the "Company") is pleased to announce its financial and operating results (all amounts in United States dollars unless noted) for the three and nine months ended September 30, 2013 ("Q3 2013"):

THREE MONTHS ENDED SEPTEMBER 30, 2013

- Mart's share of average daily oil produced and sold for the three months ended September 30, 2013 ("Q3 2013") from the Umusadege field per calendar day was 4,291 barrels of oil per day ("bopd") compared to 6,692 bopd for the three months ended September 30, 2012 ("Q3 2012"). Mart's share of average daily oil produced and sold for Q3 2013 from the Umusadege field per production day was 5,483 bopd compared to 7,077 bopd for Q3 2012. During Q3 2013 the pipeline operator reported pipeline and export facility losses for May and June 2013 that were higher than estimates previously used by Mart and in addition, the pipeline operator reported adjustments that led to an increase in pipeline and export facility losses previously reported in the first quarter of 2013 ("Q1 2013"). These additional pipeline and export facility losses ("additional losses") were recognized in Q3 2013. Mart's share of the additional losses was approximately 69,726 barrels of oil ("bbls"), which are estimated at $7.9 million and accounted for as a reduction of revenues in Q3 2013. Excluding the additional losses, Mart's share of average daily oil produced and sold per calendar day for Q3 2013 was 5,049 bopd (6,452 bopd based on production days). During Q3 2013, the Umusadege field was shut down for a total of 20 days (Q3 2012: 5 days) due to various disruptions, repairs and maintenance of the export pipeline.

- On September 4, 2013 Mart declared a quarterly dividend of Canadian dollars ("CAD") $0.05 per common share. The quarterly dividend was paid on October 2, 2013 for an aggregate amount of $17.3 million (CAD $17.8 million).

- Net income for Q3 2013 was $6.3 million ($0.018 per share) compared to net income of $21.5 million ($0.061 per share) for Q3 2012.

- Funds flow from production operations was $24.0 million ($0.067 per share) for Q3 2013 compared to $45.0 million ($0.128 per share) for Q3 2012 (see Note 1 to the Financial and Operating Results table on page 5 hereof regarding Non-IFRS measures).

- Mart's share of Umusadege field oil produced and sold in Q3 2013 was 394,810 bbls compared to 615,686 bbls for Q3 2012.

- The average price received by Mart for oil in Q3 2013 was $110.61 per bbl compared to $106.91 per bbl for Q3 2012.

- Mart's share of pipeline and export facility losses for Q3 2013, before additional losses, was 145,912 bbls, or approximately 23.9% of crude deliveries from the Umusadege field.

NINE MONTHS ENDED SEPTEMBER 30, 2013

- Mart's share of average daily oil produced and sold per calendar day for the nine months ended September 30, 2013 from the Umusadege field was 3,984 bopd compared to 6,042 bopd for the nine months ended September 30, 2012. Mart's share of average daily oil produced and sold for the nine months ended September 30, 2013 from the Umusadege field per production day was 6,076 bopd compared to 6,869 bopd for nine months ended September 30, 2012. During the nine months ended September 30, 2013, the Umusadege field was shut down for a total of 94 days (2012: 32 days) due to various disruptions, repairs and maintenance of the export pipeline.

- During the nine months ended September 30, 2013 Mart has declared total dividends of CAD $0.15 per common share for an aggregate amount of $51.9 million (CAD $53.4 million) (2012: $53.2 million (CAD $53.4 million)).

- Net income for the nine months ended September 30, 2013 was $27.3 million ($0.077 per share) compared to net income of $61.8 million ($0.181 per share) for the nine months ended September 30, 2012. The lower net income during the period was primarily due to higher pipeline and export facility losses (including the additional losses recognized in Q3 2013), export pipeline shutdowns and increase in production costs during the nine month period. The export pipeline shutdowns were caused by various disruptions, repairs and maintenance of the pipeline and export facility.

- Funds flow from production operations was $68.8 million ($0.193 per share) for the nine months ended September 30, 2013 compared to $121.4 million ($0.355 per share) for the nine months ended September 30, 2012 (see Note 1 to the Financial and Operating Results table on page 5 hereof regarding Non-IFRS measures).

- Mart's share of Umusadege field oil produced and sold for the nine months ended September 30, 2013 was 1,087,523 bbls compared to 1,655,526 bbls for the nine months ended September 30, 2012. The decrease in oil produced and sold was primarily attributable to Umusadege field shutdowns during the nine month period and the higher levels of pipeline and export facility losses during 2013.

- The average price received by Mart for oil for the nine months ended September 30, 2013 was $109.93 per bbl compared to $102.50 per bbl for the nine months ended September 30, 2012.

- Mart's share of pipeline and export facility losses for the nine months ended September 30, 2013 totaled 352,541 bbls, or approximately 24.1% of total crude deliveries from the Umusadege field for the period.

FINANCIAL AND OPERATING RESULTS

The following table provides a summary of Mart's selected financial and operating results for the three and nine months ended September 30, 2013 and 2012 and the twelve months ended December 31, 2012:

USD $ 000's (except oil produced and sold, share, per share amounts, and oil prices)		3 months ended September 30, 2013			3 months ended September 30, 2012	
Mart's share of the Umusadege Field:						
Barrels of oil produced and sold		394,810			615,686	
Average sales price per barrel	$	110.61		$	106.91	
Mart's percentage share of total Umusadege oil produced and sold during the period		67.7	%		63.0	%
Mart's share of petroleum sales after royalties, content development levy and community development costs	$	35,842		$	53,433	
Funds flow from production operations (1)	$	23,953		$	44,996	
Per share - basic	$	0.067		$	0.128	
Net income	$	6,337		$	21,528	
Per share - basic	$	0.018		$	0.061	
Per share - diluted	$	0.017		$	0.060	
Petroleum properties interests capital expenditure (2)	$	15,557		$	14,947	
Total assets	$	265,403		$	250,892	
Total borrowings (3)	$	43,663			Nil	
Weighted average shares outstanding for periods ended:						

Basic	356,574,869	352,804,579
Diluted	367,004,204	357,922,013

Notes:

(1) Indicates non-IFRS measures. Non-IFRS measures are informative measures commonly used in the oil and gas industry. Such measures do not conform to IFRS and may not be comparable to those reported by other companies nor should they be viewed as an alternative to other measures of financial performance calculated in accordance with IFRS. For the purposes of this table, the Company defines "Funds flow from production operations" as net petroleum sales less royalties, content development levy, community development costs and production costs. Funds flow from production operations is intended to give a comparative indication of the Company's net petroleum sales less production costs as shown in the following table:

USD $ 000's	3 months ended September 30, 2013	3 months ended September 30, 2012	9 months ended September 30, 2013	9 months ended September 30, 2012	12 months ended December 31, 2012
Petroleum sales	43,670	65,822	119,551	169,684	190,761
Less: Royalties, content development levy and community development costs	7,828	12,389	20,673	26,543	29,371
Net petroleum sales	35,842	53,433	98,878	143,141	161,390
Less: Production costs	11,889	8,437	30,081	21,753	23,647
Funds flow from production operations	23,953	44,996	68,797	121,388	137,743

(2) Petroleum properties interests capital expenditure relates to additions to petroleum property interests excluding the capitalized decommissioning obligations.

(3) The total gross amount of loan drawdowns net of loan repayments is $44 million. After taking account of unamortized borrowing costs, the total loan amount due within one year is $17.1 million and has been reported under current liabilities in the statement of financial position. The amount due after one year is $26.6 million and is included within non-current liabilities in the statement of financial position.

OUTLOOK AND OPERATIONS UPDATE:

Dividend

On September 4, 2013, Mart declared a quarterly cash dividend of CAD $0.05 per common share that was paid to shareholders on October 2, 2013 for an aggregate amount of CAD $17.8 million.

UMU-10 Well

The Company announced on November 5, 2012 that the UMU-10 well encountered 479 feet of gross hydrocarbon pay in 20 sands. The results of the well tests conducted have been previously press released.

The operator of the Umusadege field plans to return to the UMU-10 well after drilling the UMU-11 well to carry out the remaining testing operations on the XXb and XIX sands in the long string with a coiled tubing unit. Multirate flow testing will then be performed on all sands completed in the long string: XIX, XXb, and XXI.

UMU-11 Well

The UMU-11 well reached a final total drilling depth of approximately 8,910 feet on September 27, 2013. Open hole well logging has been completed, pressure surveys on prospective zones have been conducted, and fluid samples have been acquired.

Operations to run 9 5/8 inch casing to the bottom of the well have been completed and the casing has been cemented. The primary objectives of the UMU-11 well are to appraise and produce the proven oil reservoirs encountered but not completed in the UMU-9 and UMU-10 wells. Target sands for testing have been identified, and the well has been completed using a dual-string configuration. Flow testing of the completed IX, XIIb and XIIIb sands is underway.

Drilling program

A second drilling rig has been contracted and it is anticipated that the water disposal well will be drilled in December 2013.

Also, it is planned to re-enter the UMU-8 well in December 2013 or January 2014. Preliminary plans are to drill a re-entry horizontal development well and an exploration well in 2014.

Umugini Pipeline Construction Update

Construction of the Umugini pipeline has been completed from the location near the Umusadege field to a point approximately 18 kilometers into the 51-kilometer pipeline. Construction operations have been delayed due to weather conditions in the area that required the construction contractor to shut down pipeline construction operations. Work on a road crossing is underway in preparation for resumption of pipeline construction operations. Negotiations are nearing conclusion with the local communities for right of way for the last five kilometers of the first section of the Umugini pipeline. It is expected that the pipeline contractor will re-mobilize and restart construction operations after current rains diminish and flooding recedes, which is anticipated by December 2013. Once final government approval is received for the second phase of the project and weather conditions permit, construction of the second section of the Umugini pipeline will commence. It is expected that pipeline construction will be completed in the first half of 2014.

The Umugini pipeline has two segments. The first segment is from the Umusadege field south to the Ogini flow station on OML 26. This section is 23 kilometers in length and is where the approximately 18 kilometers of pipeline construction has been completed. The second segment is from the Ogini flow station west to the Eriemu flow station. This section of the pipeline will be constructed along an existing right of way and will be twinning the existing pipeline currently operating between the Ogini flow station and the Eriemu flow station. The Umugini pipeline will provide a second independent export pipeline for Umusadege field production. The Umugini pipeline's gross transportation capacity will be approximately 45,000 barrels per day and it will connect the Umusadege field to the Trans Forcados export pipeline. The Trans Forcados export pipeline will deliver crude oil from Umusadege field to the Forcados export terminal operated by Shell.

Production Update

Umusadege field production during October 2013 averaged 10,735 bopd. Umusadege field downtime during October 2013 was approximately 4.5 days due mainly to maintenance and repairs on the export pipeline performed by the pipeline operator, AGIP. The average field production based on producing days was 12,638 bopd in October 2013. On certain days in October 2013 export oil shipments into AGIP pipeline, before pipeline losses, reached record levels in excess of 16,000 bopd.

Total net crude oil deliveries into the export pipeline from the Umusadege field for October 2013 were approximately 325,700 bbls before pipeline losses. Pipeline and export facility losses reported by AGIP and allocated to Mart and its co-venturers for September 2013 were 74,103 bbls, or 28.4% of total crude oil deliveries into the export pipeline. October 2013 pipeline and export facility losses have not yet been reported by AGIP. Pipeline and export facility losses have averaged 24.1% for the first nine months of 2013.

As previously reported, the Umusadege field has been allocated an additional pipeline reserved production capacity of up to 4,500 bopd by AGIP. An increase in oil shipments from the Umusadege field is expected to be achieved after modifications are made in and around Kwale flow station to facilitate the additional oil shipments.

CHAIRMAN'S COMMENT:

Wade Cherwayko, Chairman & CEO of Mart said, "Drilling of the UMU-11 well was completed in September and testing of three target zones is nearly complete, with results anticipated soon. The Umusadege field's production capacity remains strong, and the potential of the field continues to be very positive. Unfortunately, in the third quarter of 2013 Mart has experienced high pipeline and export facility losses, which resulted in lower production and revenue in Q3 2013 compared to Q2 2013. Mart's revenue for Q3 2013 was $35.8 million with a net income after taxes of $6.3 million.

The construction of the Umugini pipeline is scheduled to resume in December 2013, and when completed will enable the Umusadege co-venturers to more fully exploit the potential of the Umusadege field. The new Central Production Facility ("CPF") was commissioned in the beginning of July 2013 at the Umusadege field and all production is being processed by new facility. Current capacity of the CPF is 35,000 barrels per day and is expandable to handle future production increases as needed. Additional development drilling activities are planned for the remainder of 2013. The Company declared a quarterly cash dividend of CAD $0.05 per common share that was paid to shareholders on October 2, 2013 for a total amount of CAD $17.8 million."

Mart will hold a conference call to discuss the operational and financial results for the quarter ended September 30, 2013. The conference call is scheduled for November 22, 2013 at 10:00 AM Mountain Daylight Time (12:00 Eastern Daylight Time). Wade Cherwayko, Chairman & CEO of Mart, and Dmitri Tsvetkov, Chief Financial Officer of Mart, will host the call and be available during the question-and-answer session. To access the conference call, please dial 1-800-769-8320 or 416-340-8527. An instant replay of the call will be available until November 29, 2013 by dialing 1-800-408-3053 or 905-694-9451 and entering pass code 9302715.

Additional information regarding Mart is available on the Company's website at www.martresources.com and under the Company's profile on SEDAR at www.sedar.com.

Notes: Except where expressly stated otherwise, all production figures set out in this press release, including bopd, reflect gross Umusadege field production rather than production attributable to Mart. Mart's share of total gross production before taxes and royalties from the Umusadege field fluctuates between 82.5% (before capital cost recovery) and 50% (after capital cost recovery).

Forward-Looking Statements

Certain statements contained in this press release constitute "forward-looking statements" as such term is used in applicable Canadian and US securities laws. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or are not statements of historical fact and should be viewed as "forward-looking statements". These statements relate to analyses and other information that are based upon forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

In particular, statements (express or implied) contained herein or in Mart's Management's Discussion and Analysis ("MD&A") regarding the following should be considered forward-looking statements: the Company's goals and growth strategy, estimates of reserves and future net revenues, exploration and development activities in respect of the Umusadege field, the Company's ability to finance its drilling and development plans with cash flows from operations, the ability of the Company to successfully drill and complete future wells, the ability of the Company to commercially produce, transport and sell oil from the Umusadege field, future anticipated production rates, export pipeline capacity available to the Company, the expectation of the Company that production and export pipeline disruptions will not have a lasting impact on the Company's future production, timing of completion of the Company's upgrading of the central production facility, the construction and completion of an alternative export pipeline, the acceptance of the Company's tax filings by the Nigerian taxing authorities, treatment under government regulatory regimes including royalty and tax laws, projections of market prices and costs, supply and demand for oil, timing for receipt of government approvals, and the ability of the Company to satisfy its current and future financial obligations to its banks and other creditors.

There can be no assurance that such forward-looking statements will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this news release. This cautionary statement expressly qualifies the forward-looking statements contained herein.

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements and if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

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