Artek Exploration Ltd. Reports Significant 2014 Reserves Growth

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CALGARY, ALBERTA -- (Marketwired - Feb 18, 2015) - Artek Exploration Ltd. (TSX:RTK) of Calgary, Alberta ("Artek" or the "Company") is pleased to announce the results of its independent reserve evaluation for the year ended December 31, 2014 (the "Sproule Report") as prepared by Sproule Associates Limited ("Sproule").

2014 HIGHLIGHTS

- Increased Proved plus Probable reserves by 9% to 46.4 million boe and Proved reserves by 12% to 24.0 million boe and Proved Developed Producing reserves by 31% to 6.6 million boe as compared to the previous year.
- Increased Proved plus Probable Oil and NGLs reserves year over year by 55% to 16.8 million boe from 10.8 million boe and also increased Proved Oil and NGLs reserves by 57% to 8.8 million boe from 5.6 million boe.
- Achieved all in finding, development and acquisition (″FD&A″) costs of $11.36 per boe on Proved plus Probable reserves. Finding and development (″F&D″) costs including FDC but excluding acquisitions and dispositions were $13.04 per boe on a Proved plus Probable basis.
- Increased Proved plus Probable reserve value year over year by 33% to $520.8 million from $392.3 million using a 10% discount factor before tax.
- Replaced 2014 production of 1,534 mboe by 3.5 times with Proved plus Probable reserve additions and 2.7 times with Proved reserve additions.
- Achieved a recycle ratio of 2.0 times based on Proved and Probable FD&A of $11.36 and Artek's estimated 2014 operating netback of $23.28 per boe.
- Increased Land Holdings by 25% to 262,254 net acres.
- Net asset value at December 31, 2014 increased 10% year over year to $6.05 per diluted share.

The following are reserves highlights, details of which are provided later in the press release.

Gross Reserves at December 31	2014	2013	% change
Proved Developed Producing (mboe)	6,646	5,084	31
Proved Reserves (mboe)	24,039	21,394	12
Proved Plus Probable Reserves (mboe)	46,388	42,528	9
Proved FD&A including change in FDC ($/boe) (1) (2)	17.04	27.39	
Proved Plus Probable FD&A including change in FDC ($/boe) (1) (2)	11.36	14.84	
Operating Netback ($/boe) (1)	23.28	22.38	
Proved Plus Probable Recycle Ratio (1)	2.0	1.5	
Land Holdings (net acres)			
Developed	59,286	45,616	30
Undeveloped	202,967	164,698	23
Total	262,254	210,314	25
Annual Average Production			
Oil (bbls/d)	1,157	1,004	15
NGLs (bbls/d)	499	370	35
Gas (mcf/d)	15,279	13,940	10
Total (boe/d)	4,203	3,697	14
Fourth Quarter Average Production			
Oil (bbls/d)	1,640	884	86
NGLs (bbls/d)	540	480	13
Gas (mcf/d)	16,569	15,972	4
Total (boe/d)	4,942	4,025	23

Net asset value ($M)	506,014	389,835	29
Diluted common shares outstanding (000's)	83,631	71,810	16
Net asset value per share ($)	6.05	5.43	11

(1) Certain financial and operating information included in this press release for the quarter and year ended December 31, 2014, such as finding and development costs, production information, operating netbacks, recycle ratios and net asset value calculations are based on unaudited financial results for the year ended December 31, 2014 and are subject to the same limitations as discussed under forward-looking statements outlined at the end of this release. These estimate amounts may change upon completion of the audited financial statements for the year ended December 31, 2014 and those changes may be material.

(2) Artek calculates finding, development and acquisition costs which incorporate the costs and associated reserve additions and changes in future development costs related to acquisitions and dispositions. Since acquisitions and divestitures have had a significant impact on Artek's annual reserve replacement costs, Artek believes that FD&A costs provide a meaningful portrayal of Artek's cost structure.

PRODUCTION

Artek achieved record production levels in 2014. Average production for 2014 was 4,203 boe/d (39% liquids) an increase of 14% over 2013 average production of 3,697 boe/d (37% liquids). Average production for the fourth quarter of 2014 was 4,942 boe/d (44% liquids), up 23% from average production of 4,025 boe/d (34% liquids) in the fourth quarter of 2013. December 2014 exit production was 5,655 boe/d of which in excess of 2,600 bbl/d or 46% was crude oil and natural gas liquids.

RESERVES

The reserves data set forth below is based upon an independent reserves assessment and evaluation prepared by Sproule with an effective date of December 31, 2014 (the "Sproule Report"). The following presentation summarizes the Company's crude oil, natural gas liquids and natural gas reserves and the net present values before income tax, of future net revenue for the Company's reserves using forecast prices and costs based on the Sproule Report. The Sproule Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101.

All evaluations and reviews of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of our crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

See "Information Regarding Disclosure on Oil and Gas Reserves and Operational Information" for additional cautionary language, explanations and discussions and "Forward Looking Information and Statements" for a statement of principal assumptions and risks that may apply.

Reserves Summary

The Company's total proved developed producing reserves increased by 31% to 6.6 million boe, proved reserves increased by 12% to 24.0 million boe and proved plus probable reserves increased by 9% to 46.4 million boe. The Company's net present value of proved plus probable reserves discounted at 10% before tax, was $520.8 million up 33% from $392.3 million at December 31, 2013. Sproule's forecasted commodity prices for 2015 used to determine the present value of the Company's reserves at December 31, 2014 were US$65/bbl for WTI oil and CA$3.15/GJ for AECO gas. Forecasted commodity prices for future years are shown in the table below.

The following table provides summary reserve information based upon the Sproule Report and using the published Sproule (2014-12-31) price forecast.

	Oil (1)		Natural gas liquids		Natural gas		Barrels of oil equivalent	
	Gross (2) (Mbbl)	Net (3) (Mbbl)	Gross (2) (Mbbl)	Net (3) (Mbbl)	Gross (2) (Mmcf)	Net(3) (Mmcf)	Gross (2) (Mboe)	Net(3) (Mboe)
Proved								
Producing	1,168	924	1,264	994	25,283	19,456	6,646	5,160
Non-producing	144	120	30	23	1,830	1,546	479	400

Undeveloped	3,220	2,562	2,942	2,341	64,512	47,773	16,914	12,866
Total proved	4,532	3,605	4,236	3,359	91,625	68,775	24,039	18,426
Probable	4,154	3,295	3,877	3,068	85,910	64,849	22,349	17,171
Total proved plus probable	8,686	6,900	8,113	6,426	177,535	133,624	46,388	35,597

Notes:

1. Reflects light and medium crude oil, other than 36 mbbl of proved and 113 mbbl of proved plus probable gross heavy oil reserves.
2. "**Gross**" reserves means Artek's working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of the Company.
3. "**Net**" reserves means Artek's working interest (operated and non-operated) share after deduction of royalty obligations, plus Artek's royalty interest in reserves.
4. Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.
5. May not add due to rounding.

Reserves Values

The estimated before tax future net revenues associated with Artek's reserves effective December 31, 2014 and based on the published Sproule (2014-12-31) future price forecast are summarized in the following table:

		Discounted at:		
($ Thousands)	Undiscounted	10%	15%	20%
Proved				
Producing	134,317	99,776	88,973	80,598
Non-producing	9,512	6,625	5,667	4,915
Undeveloped	351,831	153,490	109,207	80,081
Total proved	495,659	259,890	203,847	165,594
Probable	587,833	260,889	193,030	148,706
Total proved plus probable	1,083,492	520,779	396,876	314,300

Notes:

1. The estimated future net revenues are stated before deducting future estimated site restoration costs and are reduced for estimated future abandonment costs and estimated capital for future development associated with the reserves.
2. Prior to provision of income taxes, interest, debt service charges and general and administrative expenses. It should not be assumed that the undiscounted and discounted future net revenues estimated by Sproule represent the fair market value of the reserves.
3. Net present value after income taxes for total proved reserves is $228.6 million and for total proved plus probable reserves is $419.4 million based on a discount factor of 10%.
4. May not add due to rounding.

The following table outlines FDC expenditures by major core area included in the December 31, 2014 reserve evaluation:

FDC Expenditures				
	1P FDC ($M)	1P Gross/ Net Wells	2P FDC ($M)	2P Gross/ Net Wells
Inga/Fireweed/Stoddart	163.6	42 (22.7)	257.5	68 (37.4)
Deep Basin	17.1	3 (3.0)	29.1	6 (5.0)
Remaining	3.0	3 (1.8)	4.1	4 (2.4)
Total FDC Expenditures	183.7	48 (27.5)	290.7	78 (44.8)

In the Company's December 31, 2014 reserve evaluation, Sproule is forecasting WTI oil prices to average US$83.81 per barrel over the next five years from 2015 to 2019, 10% lower than the average price of US$92.70 per barrel used in the December 31, 2013 evaluation, over the same five year period. For natural gas, AECO-C natural gas prices are forecasted to average $3.88 per GJ over the 2015 to 2019 period, a decrease of 11% from the average price of $4.36 per GJ used in the December 31, 2013 evaluation, over the same five year period.

The following table outlines forecasted prices that Sproule has used in their evaluation of the Company's reserves:

Commodity prices	December 31, 2014 Evaluation			December 31, 2013 Evaluation		
	WTI Cushing Crude Oil (US$/bbl)	USD/CAD Exchange (US$)	AECO-C Natural Gas ($/GJ)	WTI Cushing Crude Oil (US$/bbl)	USD/CAD Exchange (US$)	AECO-C Natural Gas ($/GJ)
2012 (historical)	94.19	1.001	2.30	94.19	1.001	2.30
2013 (historical)	97.98	0.971	2.97	97.98	0.971	2.97
2014 (historical)	93.00	0.905	4.27	94.65	0.940	3.79
2015 (future)	65.00	0.850	3.15	88.37	0.940	3.78
2016 (future)	80.00	0.870	3.52	84.25	0.940	3.79
2017 (future)	90.00	0.870	3.70	95.52	0.940	4.67
2018 (future)	91.35	0.870	4.24	96.96	0.940	4.75
2019 (future)	92.72	0.870	4.79	98.41	0.940	4.83
Five year Future Average	83.81	0.866	3.88	92.70	0.940	4.36

Reserves Reconciliation

- The following summary reconciliation of Artek's gross reserves compares changes in the Company's reserves as at December 31, 2014 to the reserves as at December 31, 2013 based on the Sproule (2014-12-31) future price forecast. Proved plus Probable reserves increased year over year by 9% to 46.4 million boe from 42.5 million boe. Proved reserves increased by 12% to 24.0 million boe from 21.4 million boe.

	Total Proved	Probable	Total Proved plus Probable
	(Mboe)	(Mboe)	(Mboe)
Balance December 31, 2013	21,393	21,134	42,528
Extensions and improved recoveries	2,070	3,999	6,069
Infill	2,208	1,234	3,442
Technical revisions	888	(3,458)	(2,570)
Discoveries	3	2	5
Acquisitions	944	1,265	2,209
Dispositions	(1,835)	(1,913)	(3,748)
Economic factors	(98)	86	(13)
Production	(1,534)	-	(1,534)
Balance December 31, 2014	24,039	22,349	46,388

Notes:

1. "**Gross**" reserves means Artek's working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of the Company.
2. May not add due to rounding.

Capital Efficiency Highlights - 2014

The efficiency of the Company's capital program for the year ended December 31, 2014 is summarized below. NI 51-101 specifies how finding and development ("**F&D**") costs should be calculated if they are reported. Essentially NI 51-101 requires that the exploration and development costs incurred in the year along with the change in estimated future development costs be aggregated and then divided by the applicable reserve additions. The calculations specifically exclude the effects of acquisitions and dispositions on both reserves and costs. By excluding the effects of acquisitions and dispositions, Artek believes that F&D costs do not fully reflect Artek's ongoing reserve replacement costs. Since acquisitions and dispositions can have a significant impact on Artek's annual reserve replacement costs, Artek believes that finding, development and acquisition ("**FD&A**") costs provide a meaningful portrayal of Artek's cost structure.

Artek achieved all in FD&A costs of $11.36 (2013 - $14.84) per boe on Proved plus Probable reserves and $17.04 (2013 - $27.39) per boe on Proved reserves including future development costs (″FDC″). FD&A costs for the last three years averaged $13.06 per boe on a Proved and Probable basis and $19.68 per boe on Proved reserves including FDC. F&D costs including FDC but excluding acquisitions and dispositions were $13.04 (2013 - $15.68) per boe on a Proved plus Probable basis and $19.74 (2013 - $30.71) per boe on a Proved basis. F&D costs including FDC but excluding acquisitions and dispositions for the last three years averaged $13.42 per boe on a Proved and Probable basis and $20.52 on Proved reserves including FDC.

	Proved	Proved plus Probable
Exploration and Development expenditures ($000's) (note 2)	97,008	97,008
Dispositions, net of acquisition ($000's) (note 2)	(12,045)	(12,045)
Change in future development capital ($000's)		
- Exploration and Development	3,112	(6,613)
- Dispositions, net of acquisition	(16,945)	(17,111)
	71,130	61,239
Reserve additions after revisions (Mboe)		
- Exploration and Development	5,071	6,933
- Dispositions, net of acquisition	(891)	(1,539)
	4,180	5,394
Finding & Development Costs ($/boe) (note 1)	19.74	13.04
Finding, Development & Acquisition Costs ($/boe) (note 2)		
Exploration and development	19.74	13.04
Dispositions net of acquisitions	(32.54)	(18.94)
Total FD&A ($/boe)	17.04	11.36
Reserves Replacement Ratio (note 3)	2.7	3.5

Notes:

1. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.
2. 2014 figures include information based on estimated unaudited financial results that may change on the completion of the audited financial statements.
3. Calculated by dividing the 2014 reserve additions by the 2014 total production.

NET ASSET VALUE

The following table provides management's calculation of Artek's estimated net asset value at December 31, 2014 based on the estimated future net revenues associated with Artek's proved plus probable reserves before income tax and discounted at 10% as presented in the Sproule Report and an independent third party evaluation of Artek's undeveloped land.

	($ thousands)
Proved plus probable reserves - discounted at 10%	520,779
Undeveloped Land (note 1)	50,391
Estimated working capital deficiency as at December 31, 2014 (notes 2 & 3)	(80,967)
Proceeds from dilutive stock options	15,811
Net asset value	506,014
Diluted Common shares outstanding (thousands)	83,631
Net asset value per share	6.05

Notes:

1. Based on an independent land evaluation. See ″Land Holdings″.
2. Figures include information based on unaudited financial results that may change.
3. Working capital deficiency includes an estimate of the Company's accounts receivable and prepaid expenditures less accounts payable and accrued liabilities and bank debt as at December 31, 2014.

LAND HOLDINGS

The Company retained an independent third party to assess the fair market value of the Company's undeveloped land holdings as at December 31, 2014. The evaluation was completed by Seaton-Jordan & Associates Ltd. using industry activity levels, third party transactions and land acquisitions that occurred in proximity to Artek's undeveloped lands during the past year. The independent land evaluation report indicates a value of $50.4 million. Artek increased its net undeveloped land holdings by approximately 23% in 2014.

A summary of the Company's land holdings at December 31, 2014 is outlined below:

(acres)	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
Alberta	33,568	21,460	98,390	89,785	131,958	111,245
British Columbia	77,989	37,927	204,938	113,182	282,927	151,009
Total	111,558	59,286	303,328	202,967	414,886	262,254

CAUTIONARY STATEMENTS

Unaudited financial information

Certain financial and operating information included in this press release for the quarter and year ended December 31, 2014, such as finding and development costs, production information and net asset value, are based on estimated unaudited financial results for the quarter and year then ended, and are subject to the same limitations as discussed under Forward Looking Information set out below. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2014 and changes could be material.

Information Regarding Disclosure on Oil and Gas Reserves and Operational Information

Our oil and gas reserves statement for the year ended December 31, 2014, which will include complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, will be contained within our Annual Information Form which will be available on our SEDAR profile by March 31, 2015 at www.sedar.com. In relation to the disclosure of estimates of reserves and reserve values relating to individual properties that represent less than all of the Company's reserves, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

In relation to the disclosure of net asset value ("NAV"), the NAV table shows what is normally referred to as a "produce-out" NAV calculation under which the current value of the Company's reserves would be produced at forecast future prices and costs and do not necessarily represent a "going concern" value of the Company. The value is a snapshot in time and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. It should not be assumed that the future net revenues estimated by Sproule represent the fair market value of the reserves, nor should it be assumed that Artek's estimated value of its undeveloped land holdings represent the fair market value of the lands.

Forward-looking information and statements:

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the forgoing, this news release contains forward-looking information and statements pertaining to the following: the recognition of significant additional reserves under the heading "Reserves"; the volumes and estimated value of Artek's oil and gas reserves; the life of Artek's reserves; the volume and product mix of Artek's oil and gas production; future oil and natural gas prices and Artek's commodity risk management programs; future liquidity and financial capacity; management's assessment of future plans and results from operations and operating metrics; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future hedging activities; future development, exploration, acquisition and development activities and *related capital expenditures; the number of wells to be drilled and completed and related production expectations; the amount and timing of drills, completions and capital projects; and the ability to adequately finance the same; operating costs; management's belief in the prospectivity of exploratory lands at Inga and in the PRA; and the total future capital associated with development of reserves and resources and timing of spending.*

The recovery and reserve estimates of Artek's reserves and resources provided herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. In addition, forward-looking statements or information are based on a number of material factors, expectations or assumptions of Artek which have been used to develop such statements and information but which may prove to be incorrect. Although Artek believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Artek can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: results from drilling and development activities consistent with past operations and offsetting wells; the continued and timely development of infrastructure in areas of new production; continued availability of debt and equity financing and cash flow to fund Artek's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Artek operates; the timely receipt of any required regulatory approvals; the ability of Artek to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Artek has an interest in to operate the field in a safe, efficient and effective manner; the ability of Artek to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Artek to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Artek operates; and the ability of Artek to successfully market its oil and natural gas products.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statement, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Artek's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Artek or by third party operators of Artek's properties, increased debt levels or debt service requirements; inaccurate estimation of Artek's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Artek's public disclosure documents, (including, without limitation, those risks identified in this news release and Artek's Annual Information Form).

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Artek does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

BOE Conversions: Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel. This conversion ratio of six thousand cubic feet of natural gas to one barrel is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.

Artek is a Calgary, Alberta based oil and gas exploration, development and production company whose shares are traded on The Toronto Stock Exchange under the trading symbol "RTK".

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