CALGARY, ALBERTA--(Marketwired - Aug. 31, 2015) -

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES OF AMERICA

Manitok Energy Inc. (the "Corporation" or "Manitok") (TSX VENTURE:MEI) announces its financial and operating results for the second quarter of 2015 and an operations update.

Readers are cautioned that as this press release contains only a summary of Manitok's financial and operating results for the second quarter of 2015, it should be read in conjunction with the full text of Manitok's second quarter of 2015 report containing its unaudited condensed interim financial statements as at and for the three and six months ended June 30, 2015 and the related management's discussion and analysis, copies of which are available electronically on Manitok's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and also on Manitok's website at www.manitokenergy.com.

Highlights of Second Quarter 2015 Results

- Capital expenditures, net of divestitures were approximately $29.0 million, which related primarily to the acquisition of assets in the Wayne area of southeast Alberta with an effective date of April 1, 2015 for total cash consideration of approximately $62.4 million after estimated post-closing adjustments, which was offset with asset divestitures of a production volume royalty, a 5% gross overriding royalty in the Wayne area and facilities in the Wayne area as press released on June 12, 2015.
- Announced revised terms and additional lands to the lease issuance and drilling commitment agreement with PrairieSky Royalty Ltd., which were previously disclosed in a press release dated May 1, 2015.
- Closed a facilities financing agreement in the Wayne area for $12.5 million. The effective interest rate over the life of the obligation is 14.5% and the obligation is secured by certain oil batteries in the Wayne area.
- Closed two tranches of a non-brokered private placement equity financing for the issuance of 12,587,600 common shares of Manitok ("Manitok Shares") at a price of $0.80 per Manitok Share, 917,500 common shares of Manitok on a "flow-through" basis under the *Income Tax Act* (Canada) in respect of Canadian development expense ("Manitok CDE Flow-through Shares") at a price of $0.85 per Manitok CDE Flow-through Share, and 6,305,077 Manitok Shares on a "flow-through" basis under the *Income Tax Act* (Canada) in respect of Canadian exploration expense ("Manitok CEE Flow-through Shares") at a price of $0.95 per Manitok CEE Flow-through Share for gross proceeds of $16.8 million (net proceeds - $15.8 million).
- Production averaged 4,521 boe/d (43% light oil and liquids) which is consistent with production of 4,504 boe/d (51% light oil and liquids) in the first quarter of 2015.
- Recorded funds from operations of $7.3 million ($0.11 per diluted share) which is an 8% decrease over funds from operations of $7.9 million ($0.12 per diluted share) in the first quarter of 2015.
- Operating netback was $25.63/boe, which is consistent with the operating netback of $25.48/boe in the first quarter of 2015.
- Increased net undeveloped land to 442,905 acres as at June 30, 2015, a 62% increase from 272,729 acres as at March 31, 2015.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
OPERATING				
Average daily production				
Light oil (bbls/d)	1,864	2,695	2,065	2,861
Natural gas (mcf/d)	15,435	11,417	14,249	12,379
NGLs (bbls/d)	84	46	73	72
Total (boe/d)	4,521	4,644	4,513	4,996
Average realized sales price				
Light oil ($/bbl)	63.71	103.18	55.55	99.89
Natural gas ($/mcf)	2.89	4.81	2.89	5.72
NGLs ($/bbl)	55.98	110.86	54.68	102.13
Total ($/boe)	37.18	72.80	35.43	72.85
Undeveloped land (end of period)				
Gross (acres)	467,751	308,088	467,751	308,088
Net (acres)	442,905	292,605	442,905	292,605
NETBACK AND COST ($ per boe)				
Petroleum and natural gas revenue	37.18	72.81	35.43	72.87
Realized gain (loss) on financial instruments	10.86	(6.19)	12.19	(5.08)

Royalty expenses	(8.78)	(23.98)	(8.63)	(23.04)
Operating expenses, net of recoveries	(11.28)	(7.58)	(10.83)	(7.46)
Transportation and marketing expenses	(2.35)	(3.66)	(2.61)	(3.42)
Operating netback[1]	25.63	31.40	25.55	33.87
General and administrative expenses, net of recoveries	(4.57)	(4.64)	(4.46)	(4.04)
Interest and financing expenses	(3.23)	(0.26)	(2.43)	(0.34)
Interest and other income	0.02	-	0.02	-
Funds from operations netback[1]	17.85	26.50	18.68	29.49
FINANCIAL				
Petroleum and natural gas revenue ($000)	15,297	30,771	28,942	65,883
Funds from operations ($000)[1]	7,341	11,197	15,259	26,658
Per share - basic ($)[1]	0.11	0.16	0.23	0.37
Per share - diluted ($)[1]	0.11	0.16	0.23	0.37
Net loss ($000)	(26,852)	(9,044)	(30,253)	(8,713)
Per share - basic ($)	(0.39)	(0.13)	(0.45)	(0.12)
Per share - diluted ($)[2]	(0.39)	(0.13)	(0.45)	(0.12)
Common shares outstanding				
End of period - basic	85,089,784	69,020,407	85,089,784	69,020,407
End of period - diluted	91,564,557	74,114,181	91,564,557	74,114,181
Weighted average for the period - basic	68,749,889	70,390,367	67,024,334	71,736,477
Weighted average for the period - diluted	68,750,556	71,402,527	67,024,534	72,870,129
Capital expenditures, net of divestitures ($000)	28,959	17,669	33,860	19,909
Adjusted working capital (surplus) deficit ($000)[1]	(1,575)	17,676	(1,575)	17,676
Drawn on credit facilities ($000)	69,949	22,311	69,949	22,311
Net bank debt ($000) [1]	68,374	39,987	68,374	39,987
Long-term financial obligations ($000)	14,984	-	14,984	-
Net debt ($000) [1]	83,358	39,987	83,358	39,987

(1) Funds from operations, funds from operations per share, funds from operations netback, operating netback, adjusted working capital (surplus) deficit, net bank debt and net debt do not have standardized meanings prescribed by generally accepted accounting principles and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader. Refer to the Non-GAAP Measures paragraph in the Advisories section of this MD&A.

(2) The basic and diluted weighted average shares outstanding are the same for periods in which the Corporation records a net loss.

Operations Update

Manitok incurred approximately $3.2 million in capital expenditures before acquisitions and divestitures in the second quarter of 2015. Approximately $1.2 million was spent on facility capital and engineering design work, primarily related to the Carseland area in southeast Alberta. The remaining expenditures mainly included costs related to first quarter 2015 activity.

Production averaged 4,521 boe/d over the second quarter as Manitok's Carseland and Stolberg areas were partially restricted throughout the quarter. In Stolberg, the downtime amounted to 20 boe/d over the entire quarter due to restrictions imposed by TransCanada Pipeline ("TCPL") as a result of maintenance on their system. The restriction has increased over the third quarter of 2015 and will likely continue for the remainder of 2015 in some form. To date, the TCPL restrictions have reduced the Corporation's production in the area by 450 boe/d (100% gas) over July and August of 2015.

In Carseland, restrictions occurred as a result of continued issues processing the liquid rich, Lithic Glauconitic ("LG") associated gas at a third party processing facility, which amounted to approximately 750 boe/d of restricted production over the second quarter of 2015. Manitok continues to work with its third party processor in an effort to increase processing capability of the liquids rich natural gas. Recently, the operator conducted minor plant modifications that slightly improved the processing capability of the plant, but Manitok and the operator are evaluating the installation of additional liquids processing equipment that would improve natural gas liquid recovery and allow an additional 10 mmcf/d of existing gas throughput capacity to be utilized. In addition, 2 Basal Quartz ("BQ") wells in the Carseland area, which represent approximately 548 boe/d (based on initial production test rates), remain behind pipe and are not expected to be placed on production until commodity prices improve. In addition to the facilities restriction due to liquids, Carseland production was completely down as a result of ATCO shutting in its main transportation line for approximately 4 weeks over July and August.

Currently production is approximately 4,535 boe/d with continuing restrictions in both the Stolberg and Carseland areas. Restricted production accounts for about 450 boe/d at Stolberg and 900 boe/d at Carseland.

2015 Guidance

The Corporation did not drill any wells during the first half of 2015, due to the current low commodity price environment. Based on current forward strip and assuming no recovery in future crude oil prices, the Corporation anticipates drilling 3 wells in southeast Alberta to satisfy its 2015 capital commitment with PrairieSky Royalty Ltd. Based on the successful 2014 drilling program, the Corporation anticipates these wells will further delineate and develop reserves in the LG formation.

Manitok amended its $90.0 million revolving operating demand loan facility with its lender. Upon amendment, the facilities consist of a $45.0 million revolving operating demand loan facility drawn at $34.9 million at June 30, 2015 and a fully drawn $35.0 million non-revolving reducing demand loan facility. The Corporation is required to repay the $35.0 million outstanding amount on the non-revolving reducing demand loan as follows:

- $5.0 million on or before December 31, 2015;
- $10.0 million on or before March 31, 2016; and
- $20.0 million on or before May 31, 2016.

The condensed interim financial statements have been prepared in accordance with GAAP on a going concern basis, which asserts that the Corporation has the ability to realize its assets and discharge its liabilities and commitments in the normal course of business. The repayment requirements of the non-revolving reducing demand loan facility may be amended or eliminated upon a material increase in future crude oil prices, an increase in proved reserves and future renegotiations with its lender. Based on its twelve month funds from operations at current forward strip crude oil and natural gas prices, the Corporation is in the process of identifying and pursuing alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities and is taking steps to manage its spending and leverage including the implementation of cost reduction and capital management initiatives to satisfy the non-revolving reducing demand loan facility repayment requirements. More details of the foregoing is available Manitok's second quarter of 2015 report containing its unaudited condensed interim financial statements as at and for the three and six months ended June 30, 2015 and the related management's discussion and analysis, copies of which are available electronically on Manitok's profile on SEDAR at www.sedar.com and also on Manitok's website at www.manitokenergy.com.

At June 30, 2015, net bank debt was approximately $68.4 million and the long-term financial obligations secured by certain oil batteries in the Stolberg and Wayne areas was about $15.0 million.

Hedging

Oil Hedges

In the second half of 2015, Manitok has hedged 2,000 bbls/d of crude oil at an average price of $89.00 CAD WTI. Beyond 2015, Manitok has hedged 1,000 bbls/d of crude oil at $79.95 CAD WTI for the 2016 calendar year and 500 bbls/d of crude oil at $79.75 CAD WTI for the 2017 calendar year. The Corporation has also option collar transactions for 1,000 bbls/d of crude oil from $68.68 to $86.18 CAD WTI net of the deferred premium for both the 2016 and 2017 calendar years.

Gas Hedges

In 2015, Manitok has 16,000 GJs/d of natural gas at an average price of $3.83/GJ less a deferred premium of $0.35/GJ.

About Manitok

Manitok is a public oil and gas exploration and development company focusing on conventional oil and gas reservoirs in the Canadian foothills and southeast Alberta. The Corporation will utilize its experience to develop the untapped conventional oil and liquids-rich natural gas pools in both the foothills and southeast Alberta areas of the Western Canadian Sedimentary Basin.

For further information view our website at www.manitokenergy.com.

Forward-looking Statements

This press release contains forward-looking statements. More particularly, this press release contains statements concerning anticipated increase in restrictions imposed by TCPL during the third quarter of 2015, anticipated timing in increasing processing capability of the liquids rich natural gas with Manitok's third party gas processor and the anticipated increase in gas processing capacity and an improvement to natural gas liquid recovery, anticipated production optimization and recompletion program in the Wayne area, operational and drilling plans for the remainder of 2015 and anticipated capital program for the first half of 2015, planned hedging activities.

While the Corporation anticipates remaining disciplined with its capital program, readers are cautioned that the Corporation may *make adjustments to its capital program depending on business conditions and commodity prices throughout the fiscal year. Actual spending may vary due to a variety of factors, including changes to certain key expectations and assumptions set out below.*

The forward-looking statements in this press release are based on certain key expectations and assumptions made by Manitok, including expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology, prevailing weather conditions, commodity prices, royalty regimes and exchange rates and the availability of capital, labour and services.

Although Manitok believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Manitok can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions, general business, economic, competitive, political and social uncertainties, capital market conditions and market prices for securities and changes to existing laws and regulations. Certain of these risks are set out in more detail in the AIF, which is available on Manitok's SEDAR profile at www.sedar.com.

Forward-looking statements are based on estimates and opinions of management of Manitok at the time the statements are presented. Manitok may, as considered necessary in the circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but Manitok undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

Non-GAAP Financial Measures

This press release contains references to measures used in the oil and natural gas industry such as "funds from operations", "funds from operations netback", "funds from operations per share", "operating netback", "adjusted working capital (surplus) deficit", "net bank debt" and "net debt". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP") and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used, they should be given careful consideration by the reader. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations.

Funds from operations should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with GAAP, as an indicator of Manitok's performance or liquidity. Funds from operations is used by Manitok to evaluate operating results and Manitok's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds from operations denotes cash flow from operating activities as it appears on the Corporation's Statement of Cash Flows before decommissioning expenditures, acquisition-related expenses and changes in non-cash operating working capital. Funds from operations is also derived from net income (loss) plus acquisition-related expenses and non-cash items including deferred income tax (recovery) expense, depletion and depreciation expense, impairment expense, stock-based compensation expense, accretion expense, unrealized gains or losses on financial instruments and gains or losses on asset divestitures. Funds from operations netback is calculated on a per boe basis and funds from operations per share is calculated as funds from operations divided by the weighted average number of basic and diluted common shares outstanding. Operating netback denotes petroleum and natural gas revenue and realized gains or losses on financial instruments less royalty expenses, operating expenses and transportation and marketing expenses calculated on a per boe basis. Adjusted working capital (surplus) deficit includes current assets less current liabilities excluding the current portion of the amount drawn on the credit facilities, the current portion of the fair value of financial instruments and the deferred premium on financial instruments. Manitok uses net bank debt and net debt as a measure to assess its financial position. Net bank debt includes outstanding bank indebtedness plus adjusted working capital (surplus) deficit and net debt includes net bank debt plus the long-term financial obligations.

Barrels of Oil Equivalent

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion ratio of six thousand cubic feet (6 mcf) of natural gas to one barrel (1 bbl) of crude oil. The boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalency 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 on a 6:1 basis may be misleading as an indication of value.

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.

Contact

Manitok Energy Inc.
Massimo M. Geremia, President & Chief Executive Officer
Telephone: 403-984-1751
Email: mass@manitok.com