CALGARY, ALBERTA--(Marketwired - Nov. 30, 2015) -

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

Readers are cautioned that as this press release contains only a summary of Manitok's financial and operating results for the third quarter of 2015, it should be read in conjunction with the full text of Manitok's third quarter of 2015 report containing its unaudited condensed interim financial statements as at and for the three and nine months ended September 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 Third Quarter 2015 Results and Subsequent Events

- Production averaged 4,434 boe/d (53% light oil and liquids) which is a 12% increase over production of 3,962 boe/d (54% light oil and liquids) in the third quarter of 2014.
- Recorded funds from operations of $6.6 million ($0.08 per diluted share) which is a 22% decrease over funds from operations of $8.6 million ($0.12 per diluted share) in the third quarter of 2014.
- The operating netback was $23.84/boe, which is a decrease of 17% from the operating netback of $28.67/boe in the third quarter of 2014.
- Capital expenditures were $3.9 million, which is a decrease of 83% from the capital expenditures of $22.8 million in the third quarter of 2014.
- As at September 30, 2015, net bank debt was $66.0 million and net debt which includes long-term financial obligations was $80.9 million. The Corporation anticipates net bank debt of approximately $62.0 million to $63.0 million as at December 31, 2015.
- On November 25, 2015, the Corporation fully satisfied the $5.0 million required repayment of the non-revolving reducing demand loan facility, which was due on December 31, 2015.
- In the fourth quarter of 2015, the Corporation entered into a binding letter of intent to execute a farm-out agreement with a private oil and gas company (the "Farmee") whereby the Farmee has committed to spend up to $20.0 million from the fourth quarter of 2015 to the end of 2016 in the Rockyford area and depending on the level of success achieved with the drilling, may lead up to an additional $20.0 million of capital spending, with the Farmee having an option to drill the offset wells before the end of 2017 ("Farm-out Agreement"). Manitok will have the option but not the obligation to participate in each well and will be carried for a 5% working interest by the Farmee in each well it does not participate. The entire capital spend from the Farm-out Agreement will be fully allocated to Manitok's Prairiesky Royalty Ltd. ("PSK") capital commitment.

Operations and Financial Summary

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Operating				
Average daily production				
Light oil (bbls/d)	2,176	2,066	2,103	2,593
Natural gas (mcf/d)	12,412	10,931	13,630	11,891
NGLs (bbls/d)	190	74	112	73
Total (boe/d)	4,434	3,962	4,486	4,647
Average realized sales price				
Light oil ($/bbl)	51.85	95.17	54.26	98.62
Natural gas ($/mcf)	3.20	4.25	2.98	5.27
NGLs ($/bbl)	29.50	98.93	40.31	101.03
Total ($/boe)	35.65	63.20	35.50	70.08
Undeveloped land (end of period)				
Gross (acres)	458,703	317,631	458,703	317,631
Net (acres)	428,046	300,249	428,046	300,249
Netback and Cost ($ per boe)				
Petroleum and natural gas revenue	35.65	63.20	35.50	70.09
Realized gain (loss) on financial instruments	15.75	(4.69)	13.37	(4.97)
Royalty expenses	(10.13)	(19.64)	(9.13)	(22.07)
Operating expenses, net of recoveries	(15.72)	(6.73)	(12.46)	(7.24)
Transportation and marketing expenses	(1.71)	(3.47)	(2.31)	(3.44)

Operating netback(1)	23.84	28.67	24.97	32.37
General and administrative expenses, net of recoveries	(4.03)	(4.11)	(4.32)	(4.06)
Interest and financing expenses	(3.54)	(1.16)	(2.80)	(0.58)
Interest and other income	0.02	0.06	0.02	0.02
Funds from operations netback(1)	16.29	23.46	17.87	27.75
Financial				
Petroleum and natural gas revenue ($000)	14,548	23,037	43,490	88,920
Funds from operations ($000)(1)	6,643	8,556	21,902	35,214
Per share - basic ($)(1)	0.08	0.13	0.30	0.50
Per share - diluted ($)(1)	0.08	0.12	0.30	0.49
Net income (loss) ($000)	8,316	7,900	(21,937)	(813)
Per share - basic ($)	0.10	0.12	(0.30)	(0.01)
Per share - diluted ($)(2)	0.10	0.11	(0.30)	(0.01)
Common shares outstanding				
End of period - basic	85,089,784	66,996,440	85,089,784	66,996,440
End of period - diluted	90,553,217	71,566,714	90,553,217	71,566,714
Weighted average for the period - basic	85,089,784	68,143,633	73,112,325	70,525,702
Weighted average for the period - diluted	85,089,784	69,108,544	73,112,325	71,617,159
Capital expenditures, net of divestitures ($000)	3,890	22,832	37,750	42,741
Adjusted working capital (surplus) deficit ($000)(1)	598	11,067	598	11,067
Drawn on credit facilities ($000)	65,371	48,098	65,371	48,098
Net bank debt ($000) (1)	65,969	59,165	65,969	59,165
Long-term financial obligations ($000)	14,966	-	14,966	-
Net debt ($000) (1)	80,935	59,165	80,935	59,165

(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 and when all the outstanding stock options are anti-dilutive.

Operations Update

Manitok's production averaged 4,424 boe/d (53% oil and liquids) for the quarter although continued pipeline and facility restrictions at Stolberg and Carseland prevented Manitok from producing at full capacity. In Stolberg, pipeline restrictions curtailed production by approximately 406 boe/d (100% natural gas plus associated liquids) in the third quarter of 2015 due to TransCanada Pipeline ("TCPL") curtailments from an ongoing maintenance program. Manitok anticipates completion of the maintenance program by February 2016. In Carseland, restrictions related to processing the liquid rich Lithic Glauconitic ("LG") natural gas continued, which curtailed production by approximately 500 boe/d (48% oil and liquids) in the quarter. Manitok is working with the third party gas plant operator to resolve the restrictions and anticipates a solution in the first half of 2016. In addition, the ATCO natural gas transmission pipeline was shut down for 4 weeks for maintenance during the third quarter of 2015 which curtailed production at Carseland by approximately 200 boe/d (48% oil and liquids) in the quarter. Manitok also injected more gas into its Glauconitic E4E pool in the Wayne area representing approximately 83 boe/d of deferred sales gas during the third quarter of 2015 as compared to the second quarter of 2015. Currently, November 2015 production is approximately 4,500 boe/d based on field estimates despite ongoing restrictions at Stolberg and Carseland. Restricted production accounts for approximately 100 - 150 boe/d at Stolberg, 800 - 850 boe/d at Carseland and Manitok has 2 Basal Quartz ("BQ") wells in Carseland awaiting tie-in once the processing restrictions with the third party plant are resolved, which represents approximately 548 boe/d based on initial production test rates.

Guidance

The Corporation did not drill any wells during the first nine months of 2015, due to the current low commodity price environment. In the fourth quarter of 2015, one well (0.05 net carried) was drilled pursuant to the Farm-out Agreement and the Corporation executed various recompletion activities in southeast Alberta which is anticipated to satisfy its 2015 PSK capital commitment.

As at September 30, 2015, net bank debt was approximately $66.0 million. The Corporation anticipates net bank debt of approximately $62.0 million to $63.0 million as at December 31, 2015. Based on current forward strip crude oil and natural gas prices, Manitok will have the requisite liquidity to make its next required payment of $10.0 million on its non-revolving reducing demand loan facility before March 31, 2016.

The Corporation continues to pursue alternative debt arrangements, joint venture opportunities, property acquisitions or divestitures and other recapitalization opportunities and is taking steps to manage its spending and indebtedness, including the implementation of cost reduction and capital management initiatives to satisfy the non-revolving reducing demand loan facility repayment requirements.

Hedging

Oil Hedges

In the fourth quarter 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 the fourth quarter of 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 the anticipated amount of net bank debt as of December 31, 2015, the anticipated allocation of capital spend from the Farm-out Agreement to meet Manitok's PSK capital commitment, anticipated timing of resolving restrictions related to processing the liquid rich LG natural gas, anticipated satisfaction of Manitok's 2015 capital commitment with PSK and Manitok having the requisite liquidity based on current forward strip crude oil and natural gas prices to make its next required payment on its non-revolving demand loan facility before March 31, 2016.

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.

Contact

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