CALGARY, ALBERTA--(Marketwired - May 31, 2016) -

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Manitok Energy Inc. (the "Corporation" or "Manitok") (TSX VENTURE:MEI) announces its financial and operating results for the first quarter of 2016 and provides an operational update.

The full text of Manitok's first quarter results are contained in its unaudited condensed interim financial statements as at and for the three months ended March 31, 2016 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.

First Quarter 2016 Results:

- Production averaged 4,407 boe/d (46% light oil and liquids) as compared to 4,504 boe/d (52% light oil and liquids) in the first quarter of 2015.
- Recorded funds from operations of $13.0 million, which included monetized crude oil derivative financial instruments for a portion of 2016 and all of 2017 for a cash receipt of $12.3 million, which was a 65% increase over funds from operations of $7.9 million in the first quarter of 2015. Manitok remains hedged on 1,500 bbls/d of crude oil to the end of 2016, which is anticipated to be about 90% to 95% of its net crude oil production after royalties.
- Operating netback was $9.79/boe before the realized gain of $12.3 million or $30.67/boe on the monetized crude oil derivative financial instruments, which together totals the $40.46/boe netback achieved in the quarter.
- As at March 31, 2016, Manitok reduced net bank debt by $8.7 million to $44.7 million from $53.4 million as at December 31, 2015.
- Capital expenditures before acquisition and divestitures were $1.6 million as compared to $4.7 million in the first quarter of 2015. Capital expenditures after acquisition and divestitures were $6.2 million as compared to $4.9 million in the first quarter of 2015.
- In February 2016, Manitok closed a non-cash asset exchange agreement with an effective date of November 1, 2015, in which Manitok divested of a 19.9% non-operated working interest in a gas plant, where it had no current throughput volumes or value in its latest reserve report, in exchange for a 17.5% average working interest in petroleum and natural gas production in its Stolberg Cardium F oil pool, along with an average 45% working interest in 10,560 acres of undeveloped land in its core Stolberg property. Manitok recorded a gain on the divestiture of the gas plant of $6.9 million for the three months ended March 31, 2016.
- In March 2016, Manitok closed the acquisition of a 14 Mmcf/d natural gas processing plant in Carseland including approximately 450 mcf/d (75 boe/d) of natural gas production, undeveloped land and an 11 kilometre sales gas line tied into the ATCO system, with an effective date of January 1, 2016. Total cash consideration for the acquisition was $4.5 million after estimated post-closing adjustments and was financed using the Corporation's credit facility.

Operational and Financial Summary

Three months ended March 31,	2016	2015
Operating		
Average daily production		
Light oil (bbls/d)	1,812	2,269
Natural gas (mcf/d)	14,305	13,049
NGLs (bbls/d)	211	61
Total (boe/d)	4,407	4,504
Average realized sales price		
Light oil ($/bbl)	36.48	48.77
Natural gas ($/mcf)	2.03	2.89
NGLs ($/bbl)	21.58	52.85
Total ($/boe)	22.63	33.66
Undeveloped land (end of period)		
Gross (acres)	470,805	294,295
Net (acres)	434,121	272,729
Netback and Cost ($ per boe)		
Petroleum and natural gas sales	22.63	33.66
Realized gain (loss) on financial instruments	39.72	13.54
Royalty income	-	-
Royalty expenses	(6.24)	(8.47)
Operating expenses, net of recoveries	(14.12)	(10.38)

Transportation and marketing expenses	(1.53)	(2.87)
Operating netback[(1)]	40.46	25.48
General and administrative expenses, net of recoveries	(3.85)	(4.34)
Interest and financing expenses	(4.14)	(1.62)
Interest and other income	0.02	0.02
Funds from operations netback[(1)]	32.49	19.54
Financial		
Petroleum and natural gas revenue ($000)	9,074	13,645
Funds from operations ($000)[(1)]	13,035	7,918
Per share - basic and diluted ($)[(1)]	0.08	0.12
Net income (loss) ($000)	3,602	(3,401)
Per share - basic and diluted ($)[(2)]	0.02	(0.05)
Common shares outstanding		
End of period - basic	161,079,746	65,279,607
End of period - diluted	177,452,639	71,719,880
Weighted average for the period - basic	156,066,181	65,279,607
Weighted average for the period - diluted	156,339,714	65,279,607
Capital expenditures ($000)	6,166	4,901
Adjusted working capital deficit (surplus) ($000)[(1)]	141	(2,313)
Drawn on credit facilities ($000)	44,529	75,379
Net bank debt[(1)] ($000)	44,670	73,066
Long-term financial obligations ($000)	14,925	2,494
Net debt[(1)] ($000)	59,595	75,560

(1) Funds from operations, funds from operations per share, funds from operations netback, operating netback, adjusted working capital deficit (surplus), 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 section of this press release.

(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 and warrants are anti-dilutive.

Financial Update Subsequent to the First Quarter of 2016

In May 2016, Manitok closed the first tranche of its private placement equity financing for the issuance of 8,435,945 common shares in the capital of Manitok ("Manitok Shares") at a price of $0.18 per Manitok Share and 7,994,980 Manitok Shares issued on a "flow-through" basis in respect of Canadian exploration expense under the *Income Tax Act* (Canada) (the "Manitok CEE Flow-through Shares") at a price of $0.21 per Manitok CEE Flow-through Share for aggregate gross proceeds of $3.2 million. The net cash proceeds from the Manitok Shares were used to reduce the Corporation's bank indebtedness and the net cash proceeds from the Manitok CEE Flow-through Shares will be used to incur eligible Canadian exploration expenses.

As at May 31, 2016, Manitok anticipates its net bank debt will be approximately $43.5 million. The Corporation's credit facility is currently $48.8 million and the next customary review date has been set for June 2016. Details of the credit facility are in the 2016 first quarter report, a copy of which is available under Manitok's SEDAR profile at www.sedar.com and also on Manitok's website at www.manitokenergy.com.

Manitok's anticipated 2016 oil production, net of royalties, is approximately 90% to 95% hedged with a swap of 500 bbls/d of crude oil at $80.15 CAD WTI and collar transactions for 1,000 bbls/d of crude oil from an average price of $68.68 to $86.18 CAD WTI net of the deferred premium.

Manitok anticipates it will begin its 2016 drilling program in the second half of the year, with a minimum of approximately $11.0 million of drilling and completion spending funded by its funds from operations, credit facility and proceeds from the recently announced equity financing, which along with the drilling activity pursuant to a farm-out agreement, is anticipated to satisfy Manitok's drilling commitments for 2016. The Corporation's capital plan will be flexible and if warranted, Manitok will be able to increase the drilling and completions spending should commodity prices improve over the course of 2016.

Operational Update

Manitok's production during the first two weeks of May 2016 has averaged approximately 3,637 boe/d (46% oil) based on field estimates. This production incorporates downtime in southeast Alberta, mainly due to the recently acquired Carseland gas plant modifications over 10 days, which represented approximately 630 boe/d (37% oil). The modifications were completed on budget and the plant is operational. Also impacting production in the first two weeks of May, is an additional 170 boe/d (67% oil) of production that was shut-in at Stolberg in advance of a scheduled third party gas plant turnaround which began May 15, 2016 and 92 boe/d (100% gas) that has been temporarily shut-in on Manitok's non-core properties due to low natural gas prices. It is anticipated that there will be no long term negative effects associated with the wells being shut-in. These shut-in wells will immediately be placed back on production, once natural gas prices improve to levels that generate positive cash flow.

Additionally, a third party gas plant turnaround in Stolberg began May 15, 2016 and Manitok anticipates its completion by early June 2016. Based on field estimates, production associated with the downtime is approximately 2,050 boe/d (39% oil) which includes the 170 boe/d mentioned in the paragraph above. Once the turnaround is complete, all of its Cardium oil production of approximately 1,325 boe/d (61% oil) will be placed back on production. Approximately 725 boe/d (100% gas) will remain temporarily shut-in due to low natural gas prices and it is anticipated that there will be no long term negative effects associated with the natural gas wells being shut-in. These shut-in wells will immediately be placed back on production, once natural gas prices improve to levels that generate positive cash flow.

About Manitok

Manitok is a public oil and gas exploration and development company focusing on conventional oil and gas reservoirs in southeast Alberta and the Canadian foothills. The Corporation will utilize its experience to develop the untapped conventional oil and liquids-rich natural gas pools in both the southeast Alberta and foothills 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 and total net debt as at March 31, 2016, operational and drilling plans, the development and growth potential of Manitok's properties, the anticipated amount of minimum drilling and completion spending and the anticipated source of funding for such minimum drilling and completion spending and the anticipated timing and cost of completing Carseland gas plant modification. 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, successful completion of the recently announced equity financing of the Corporation 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.

Any references in this press release to initial and/or final raw test or production rates and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter. These test results are not necessarily indicative of long-term performance or ultimate reserve recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production.

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") an, 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 non-cash items including deferred income tax expense (recovery), 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.

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