CALGARY, ALBERTA--(Marketwired - Aug. 29, 2016) -

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

The full text of Manitok's second quarter results are contained in its unaudited condensed interim financial statements as at and for the three and six months ended June 30, 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.

Second Quarter 2016 Results:

- Production averaged 3,587 boe/d (49% light oil and liquids) as compared to 4,407 boe/d (46% light oil and liquids) in the first quarter of 2016. The reduction relates primarily to scheduled facilities' maintenance and upgrades (gas plant and battery turnarounds) of about 2 weeks in southeast Alberta and about 3 weeks at Stolberg which decreased average production in the quarter by 640 boe/d(46% oil). Subsequent to the plant turnaround at Stolberg, all of its natural gas wells in the area remained shut- in for the remainder of June and most of July, due to low natural gas prices, which decreased average production in the second quarter by an additional 316 boe/d (90% natural gas). Production down time in the second quarter, due to both scheduled maintenance and natural gas shut-ins resulted in less production of about 950 boe/d (34% oil).
- Operating netback was $8.19/boe (with $5.74/boe of realized gains on financial instruments) as compared to an adjusted amount of $9.79/boe (with $9.05/boe of realized gains on financial instruments) in the first quarter of 2016, which excludes the one time realized gain of $12.3 million or $30.67/boe on the monetized crude oil derivative financial instruments.
- Recorded funds from operations of negative $0.2 million as compared to $0.7 million in the first quarter of 2016, excluding the monetized crude oil derivative financial instruments for a cash receipt of $12.3 million.
- As at June 30, 2016, Manitok's net bank debt was $45.5 million as compared to $44.7 million as at March 31, 2016 and $68.4 million as at June 30, 2015. Manitok has been able to reduce its net bank debt by about 33% year over year.
- Capital expenditures before acquisition and divestitures were $3.2 million as compared to $1.6 million in the first quarter of 2016.
- In May 2016, Manitok closed an equity financing for the issuance of 8,435,945 common shares of Manitok ("Manitok Shares") at a price of $0.18 per Manitok Share and 7,994,980 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 $0.21 per Manitok CEE Flow-through Share for net proceeds of $2.9 million. The net cash proceeds from the equity financing of the Manitok Shares were received in July 2016 and used to reduce the Corporation's bank indebtedness subsequent to the second quarter.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
OPERATING				
Average daily production				
Light oil (bbls/d)	1,519	1,864	1,665	2,065
Natural gas (mcf/d)	11,004	15,435	12,654	14,249
NGLs (bbls/d)	235	84	223	73
Total (boe/d)	3,587	4,521	3,997	4,513
Average realized sales price				
Light oil ($/bbl)	49.42	63.71	42.38	55.55
Natural gas ($/mcf)	1.49	2.89	1.79	2.89
NGLs ($/bbl)	24.86	55.98	23.31	54.68
Total ($/boe)	27.11	37.18	24.64	35.43
Undeveloped land (end of period)				
Gross (acres)	442,127	467,751	442,127	467,751
Net (acres)	402,282	442,905	402,282	442,905
NETBACK AND COST ($ per boe)				
Petroleum and natural gas sales	27.11	37.18	24.64	35.43
Realized gain on financial instruments	5.74	10.86	24.47	12.19
Royalty expenses	(8.57)	(8.78)	(7.28)	(8.63)
Operating expenses, net of recoveries	(14.70)	(11.28)	(14.38)	(10.83)
Transportation and marketing expenses	(1.39)	(2.35)	(1.47)	(2.61)
Operating netback(1)	8.19	25.63	25.98	25.55

General and administrative expenses, net of recoveries	(5.03)	(4.57)	(4.38)	(4.46)
Interest and financing expenses	(3.90)	(3.21)	(4.02)	(2.42)
Funds from operations netback(1)	(0.74)	17.85	17.58	18.67
FINANCIAL				
Petroleum and natural gas revenue ($000)	8,849	15,297	17,923	28,942
Funds from operations ($000)(1)	(244)	7,341	12,791	15,259
Per share - basic and diluted ($)(1)	-	0.11	0.08	0.23
Net loss ($000)	(7,354)	(26,852)	(3,752)	(30,253)
Per share - basic and diluted ($)(2)	(0.04)	(0.39)	(0.02)	(0.45)
Common shares outstanding				
End of period - basic	177,510,671	85,089,784	177,510,671	85,089,784
End of period - diluted	193,888,631	91,564,557	193,888,631	91,564,557
Weighted average for the period - basic	168,663,250	68,749,889	162,364,715	67,024,334
Weighted average for the period - diluted	169,036,922	68,750,556	162,678,786	67,024,534
Capital expenditures, net of divestitures ($000)	3,260	28,959	9,426	33,860
Adjusted working capital deficit (surplus) ($000)(1)	1,853	(1,575)	1,853	(1,575)
Drawn on credit facilities ($000)	43,693	69,949	43,693	69,949
Net bank debt ($000) (1)	45,546	68,374	45,546	68,374
Long-term financial obligations ($000)	14,902	14,984	14,902	14,984
Net debt ($000) (1)	60,448	83,358	60,448	83,358

(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 - Acquisition and Equity Financing Closed and Debt Reduced

In August 2016, Manitok and Raimount Energy Inc. ("Raimount") completed the previously announced plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") involving Manitok, Raimount, the holders of common shares of Raimount (the "Raimount Shareholders") and 1977746 Alberta Inc. ("Acquireco"), a wholly owned subsidiary of Manitok. The Arrangement was approved at the special meeting of the Raimount Shareholders on August 17, 2016 and by the Court of Queen's Bench of Alberta on August 19, 2016. Pursuant to the Arrangement, Manitok acquired, indirectly through Acquireco, all of the issued and outstanding common shares of Raimount (the "Raimount Arrangement"). Each Raimount Shareholder received six (6) Manitok Shares and one and one-half (1.5) Manitok Share purchase warrants (the "Manitok Warrants") in exchange for each Raimount common share held. Manitok issued an aggregate of 41,207,196 Manitok Shares and 10,301,799 Manitok Warrants, which have an exercise price of $0.30 per Manitok Share and a term of two years from the date of issuance.

In July 2016, the Corporation closed a non-brokered private placement offering of 8,333,334 subscription receipts ("Subscription Receipts") at a price of $0.18 per Subscription Receipt for gross proceeds of $1.5 million ("Subscription Receipts Offering"). In August 2016, having all of the escrow release conditions having been met, the Subscription Receipts were exchanged for Manitok Shares on a 1 to 1 basis for no additional consideration.

As at August 31, 2016, Manitok anticipates its net bank debt will be approximately $38.5 million which is 44% less than the $68.4 million as at June 30, 2015. The Corporation's credit facility is currently $44.5 million and is in place to June 2017, with the customary mid-year review in December 2016. Details of the credit facility are in the 2016 second 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 continued to reduce its total general and administrative expenses ("G&A") in the second quarter of 2016 by reducing salaries and consulting fees by 5% across the Corporation, which matches the 5% reduction made in January 2016, and now totals to a 10% salary reduction from 2015 levels. Manitok will continue to reduce G&A costs through the remainder of the year with reduced employee and consultant work hours, paying Directors' fees with stock options instead of cash, further salary cost reductions and working with vendors to further reduce office costs. Manitok has sub-leased a portion of its office space beginning in the 4th quarter 2016 and running to the end of the lease term in November 2017 for about $0.2 million. Manitok is also working on future office space leasing that may lead to further leasing cost reductions in 2017 and a significant reduction starting in December 2017. The additional production volumes from a planned drilling program in the second half of 2016 will also help to reduce the G&A cost per boe. Manitok is targeting a G&A cost of less than $3.00/boe in 2017.

The Corporation's Liability Management Rating ("LMR") with the Alberta Energy Regulator ("AER") was 6.6 at August 8, 2016. The LMR reflects the results of a comparison of the Corporation's deemed assets to its deemed liabilities and is updated monthly. An

LMR rating less than 2.0 results in potential restrictions relating to asset transfers and other operational issues and a rating less than 1.0 would also require the Corporation to pay a deposit to AER.

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.

Operational Update - Monobore Drilling Planned in SE Alberta and Production Back Up in August

Manitok will commence a drilling program in mid-September 2016, with a minimum of approximately $10.6 million of drilling and completion spending funded by its funds from operations, credit facility and the funds received from the Raimount Arrangement and Subscription Receipts Offering. The drilling program will consist of horizontal Lithic Glauc ("LG") wells in Carseland, Rockyford and Wayne in southeast Alberta, drilled using a monobore plan.

By using the monobore drilling plan, Manitok expects to reduce drilling and completion costs per well, from about $2.7 million in 2014, to between $1.3 and $1.5 million depending on the length of the horizontal well bore and the number of stages used in the multi-staged fracture stimulation completion. The positive impact on the Corporation's half cycle LG

well economics is extremely significant. Capital efficiency, rate of return and recycle ratio are all supportive of drilling wells at the current level of commodity prices.

The first two LG wells drilled by Manitok, starting in mid-September, will be in Carseland on existing pads which will require less time and capital to tie-in. The third well of the program will be in Wayne, where Manitok will test the LG trend from a pad near an existing gas pipeline, which will also allow for a quick, low cost tie-in. The remaining 4 LG wells are anticipated to be drilled in Carseland, Wayne and Rockyford, depending on the results of the first group of wells drilled.

The combination of Manitok's drilling program and the drilling activity and capital commitments pursuant to farm-out agreements with two private companies, that have either spent to date or committed to total drilling and completion spending of about $21.4 million in 2016, is anticipated to satisfy Manitok's 2016 drilling commitments. The 2016 drilling commitments include a Lease Issuance and Drilling Commitment Agreement with PrairieSky Royalty Ltd., Manitok CEE Flow-through Shares issued in 2015 and a production volume royalty agreement with a third party royalty corporation. Details of the capital commitments are in the 2016 second 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 average production in August 2016 is about 4,000 boe/d (44% oil), with continued TransCanada pipeline constraints reducing average production by about 200 to 250 boe/d in the month. Average July 2016 production was about 3,500 boe/d (54% oil), with about 700 to 750 boe/d (90% natural gas) of natural gas production intentionally shut-in. The shut-in natural gas wells were placed back on production in late July 2016. Manitok's current production capability is about 4,250 to 4,300 boe/d (45% oil), with an additional estimated 500 boe/d from two wells yet to be tied-in at Carseland. Given the current low commodity pricing and the planned capital expenditures in Carseland for the remainder of 2016, the tie-in of those 2 wells is anticipated in the first quarter of 2017.

Management Update

Manitok is pleased to announce that Mr. Greg Vavra was appointed as Executive Vice President, Business Development of Manitok following the completion of the Arrangement and that Mr. Rodger Perry has been appointed as Vice President, Land. Mr. Perry previously served as Land Manager for Manitok.

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 August 31, 2016, operational and drilling plans, the development and growth potential of Manitok's properties, the anticipated amount of minimum drilling and completion spending, anticipated G&A cost *on a per boe basis in 2017, anticipated 2016 oil production, net of royalties and anticipated timing for tie-in of two wells at Carseland.. 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 deficit (surplus)", "net bank debt" and "net debt". These measures do not have standardized meanings prescribed by generally accepted accounting principles, including International Financial Reporting Standards ("IFRS") 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 IFRS, 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 the cash necessary 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 deficit (surplus) includes current assets less current liabilities excluding the current portion of the amount drawn on the credit facilities and 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 deficit (surplus) 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
403-984-1751
mass@manitok.com
www.manitokenergy.com