CALGARY, ALBERTA--(Marketwired - Nov. 30, 2016) -

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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 2016.

The full text of Manitok's third quarter results are contained in its unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 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.

Third Quarter 2016 Results:

- Production averaged 4,276 boe/d (45% light oil and liquids) as compared to 3,587 boe/d (49% light oil and liquids) in the second quarter of 2016. The change relates to an increase in production in the Carseland area late in the third quarter due to upgrading the gas plant in the second quarter, less production being shut-in due to low natural gas prices, less maintenance downtime and fewer production restrictions in the third quarter and temporarily suspending the gas injection program in a small oil pool in the Wayne area in September. Production averaged approximately 4,985 boe/d (39% light oil and liquids) for the month of September 2016.

- Operating netback was $11.76/boe (with $4.86/boe of realized gains on financial instruments) as compared to $8.19/boe (with $5.74/boe of realized gains on financial instruments) in the second quarter of 2016.

- Operating costs, including transportation and marketing, were $13.93/boe as compared to $16.09/boe in the second quarter of 2016. The decrease in costs were due to higher production levels over the same fixed costs and continued efforts to reduce operating costs through reduced fees and increased field efficiencies.

- Recorded funds from operations of $1.7 million as compared to negative $0.2 million in the second quarter of 2016.

- Manitok's has entered into several option contracts for calendar 2017 for a total of 1,000 bbls/d of WTI oil with a floor price set at US$42.90 and upside price participation of 61% when the US$ WTI reference price is above the floor price, and a total of 8,000 GJs/d of AECO natural gas with a floor price set at CAD$2.40/GJ with upside price participation of 70% when the AECO reference price is above the floor price.

- During the quarter, Manitok entered into a new office space lease with a rent free period to December 31, 2017 and a cash incentive paid in 2017. When combined with the cost savings from the termination of an older lease in February 2017 and payments to Manitok from sub-leasing approximately 67% of its existing office space for the remainder of the term to November 30, 2017, Manitok will reduce its 2017 office lease costs by about $0.9 million or 50% on a cash basis when compared to 2016. There are also other various rent reduction allowances in the new lease agreement and the potential to sub-lease a portion of the new space in future years that could lead to a total reduction of between 50% to 60% in office lease costs on a cash basis from 2018 to 2021 as compared to 2016.

- Manitok reduced its total general and administrative expenses ("G&A") to $3.76/boe in the third quarter of 2016 as compared to $5.03/boe in the second quarter of 2016 due to higher production volumes and continued cost cutting. With the increase in production relating to an asset acquisition, which closed early in the fourth quarter of 2016, and the reduction of other key components of G&A, Manitok is targeting an average G&A cost per unit of about $2.50/boe in 2017.

- As at September 30, 2016, Manitok's net bank debt was $41.2 million as compared to $45.5 million as at June 30, 2016 and $66.0 million as at September 30, 2015. Manitok has been able to reduce its net bank debt by about 38% year over year.

Operational and Financial Summary

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Operating				
Average daily production				
Light oil (bbls/d)	1,642	2,176	1,657	2,103
Natural gas (mcf/d)	14,017	12,412	13,112	13,630
NGLs (bbls/d)	298	190	248	112
Total (boe/d)	4,276	4,434	4,091	4,486
Average realized sales price				
Light oil ($/bbl)	50.17	51.85	44.97	54.26

Natural gas ($/mcf)	2.54	3.20	2.06	2.98
NGLs ($/bbl)	23.82	29.50	23.52	40.31
Total ($/boe)	29.25	35.65	26.26	35.50
Undeveloped land (end of period)				
Gross (acres)	462,892	458,703	462,892	458,703
Net (acres)	423,633	428,046	423,633	428,046
Netback and Cost ($ per boe)				
Petroleum and natural gas sales	29.25	35.65	26.26	35.50
Realized gain on financial instruments	4.86	15.75	17.59	13.37
Royalty expenses	(8.42)	(10.13)	(7.68)	(9.13)
Operating expenses, net of recoveries	(12.07)	(15.72)	(13.58)	(12.46)
Transportation and marketing expenses	(1.86)	(1.71)	(1.60)	(2.31)
Operating netback(1)	11.76	23.84	20.99	24.97
General and administrative expenses, net of recoveries	(3.76)	(4.03)	(4.16)	(4.32)
Interest and financing expenses	(3.66)	(3.52)	(3.89)	(2.78)
Funds from operations netback(1)	4.34	16.29	12.94	17.87
Financial				
Petroleum and natural gas revenue ($000)	11,509	14,548	29,432	43,490
Funds from operations ($000)(1)	1,711	6,644	14,502	21,902
Per share - basic and diluted ($)(1)	0.01	0.08	0.08	0.30
Net loss ($000)	(4,521)	8,316	(8,273)	(21,937)
Per share - basic and diluted ($)(2)	(0.02)	0.10	(0.05)	(0.30)
Common shares outstanding				
End of period - basic	227,051,201	85,089,784	227,051,201	85,089,784
End of period - diluted	255,196,727	90,553,217	255,196,727	90,553,217
Weighted average for the period - basic	200,127,000	85,089,784	175,044,023	73,112,325
Weighted average for the period - diluted	200,163,504	85,089,784	175,294,128	73,112,325
Capital expenditures, net of divestitures ($000)	2,798	3,890	12,224	37,750
Adjusted working capital deficit (surplus) ($000)(1)	1,153	598	1,153	598
Drawn on credit facilities ($000)	40,031	65,371	40,031	65,371
Net bank debt ($000) (1)	41,184	65,969	41,184	65,969
Long-term financial obligations ($000)	14,879	14,966	14,879	14,966
Net debt ($000) (1)	56,063	80,935	56,063	80,935

(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 International Financial Reporting Standards 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-IFRS 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.

Update Subsequent to the Third Quarter of 2016

The Corporation has previously announced:

- The closing of a marketed underwritten offering of 212,071 units of Manitok ("Units") for total aggregate gross proceeds of $21.2 million (the "CEL Notes Offering"). Each Unit consisted of a $100 principal amount senior secured note due 2021 with an interest rate of 10.5% per annum ("CEL Notes") and 164 common share purchase warrants ("CEL Warrants"). The Units immediately separated into CEL Notes and CEL Warrants upon issuance. The CEL Notes will mature on November 15, 2021. Interest on the CEL Notes will be payable quarterly in arrears. Each CEL Warrant will entitle the holder thereof to purchase one common share of Manitok at an exercise price equal to $0.18 per common share, subject to adjustment, at any time until November 15, 2021.

- The execution and closing of an asset purchase agreement for the acquisition of approximately 1,750 boe/d of production (34% oil and liquids) which includes approximately 90,000 acres (55,800 net) of undeveloped land, and facilities in the Willesden Green area, which include an emulsion handling facility with capacity of approximately 2,500 bbls/d and a natural gas compressor station with capacity of 11 Mmcf/d. The oil facility is pipeline connected to a terminal owned and operated by Pembina Pipeline Corporation and is only 70 kilometres east of Manitok's Stolberg assets. Total consideration for the acquisition was $13.5 million prior to transaction costs and customary closing adjustments, which included $9.0 million of cash and $4.5 million of CEL Notes. Subsequent to the acquisition, Manitok's production was approximately 6,500 boe/d (38% oil and NGLs), its proved plus probable reserves based on NI51-101 compliant reserve reports dated as at December 31, 2015 was 28.4 Mboe and the Corporation anticipates its Liability Management Rating ("LMR") with the Alberta Energy Regulator ("AER") will be approximately 3.0 using similar AER data based on Manitok's AER LMR report dated September 2016.

- On November 29, 2016, Manitok closed an equity financing completed by way of a short form base shelf prospectus as supplemented by a prospectus supplement dated November 22, 2016 for the issuance of 7,562,923 common shares of Manitok ("Manitok Shares") at a price of $0.13 per Manitok Share, 4,599,829 Manitok Shares 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 $0.14 per Manitok CDE Flow-through Share, and 23,605,879 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 $0.145 per Manitok CEE Flow-through Share for gross proceeds of $5.1 million ("November 2016 Equity Offering").

Manitok commenced its 2016 drilling program in September 2016, with anticipated drilling and completion spending of approximately $11.0 million funded by its funds from operations, credit facility, a portion of the proceeds from the recently announced CEL Notes Offering and the November 2016 Equity Offering, which along with the drilling activity pursuant to a farm-out agreement, is anticipated to satisfy Manitok's drilling commitments for 2016.

Manitok has drilled a total of 6 (5.0 net) horizontal wells targeting the Lithic Glauconitic ("LG") zone to date in 2016. Two wells were drilled by its joint venture partner in the Rockyford area at a 50% working interest to Manitok and are now on production. Four of the wells are at a 100% working interest and operated by Manitok, with three in the Carseland area and one in the Wayne area. All four wells have been drilled and completed. Production test results have been released on the first two wells and it is anticipated that the production test results of the last two wells will be released in early December 2016.

The results of the first two horizontal LG wells in Carseland were previously announced on November 2, 2016 and November 15, 2016. The 14-32-022-25W4 horizontal well had a production test rate of 674 boe/d, comprised of 270 bbls/d of light oil and 2.4 Mmcf/d of natural gas and the 13-33-022-25W4 horizontal well had a production test rate of 442 boe/d, comprised of 275 bbls/d of light oil and 1.0 Mmcf/d of natural gas. Both wells have been placed on production in November 2016.

Manitok anticipates drilling two more horizontal LG wells in the Carseland area prior to year-end which will total six horizontal LG wells drilled by Manitok in 2016.

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 operational and drilling plans, the development and growth potential of Manitok's properties, the anticipated amount of drilling and completion spending for 2016, anticipated reduction in future lease costs and anticipated G&A cost on a per boe basis in 2017. 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-IFRS 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, gains or losses on asset divestitures and changes in the fair value of marketable securities. 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.

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