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CALGARY, Aug. 30, 2017 /CNW/ - Manitok Energy Inc. (the "Corporation" or "Manitok") (TSX-V: MEI) announces its financial and operating results for the second quarter of 2017.

The full text of Manitok's second quarter results are contained in its unaudited and unreviewed condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2017 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 2017 Results:

- Average production increased by 55%, year over year, to 5,556 boe/d (38% light oil and liquids) as compared to 3,587 boe/d (49% light oil and liquids) in the second quarter of 2016.
- Recorded negative funds from operations of $0.1 million in the second quarter of 2017 as compared to negative funds from operations of $0.2 million in the second quarter of 2016. The second quarter of 2017 included an $0.8 million one-time cash payment related to the amended Lease Issuance and Drilling Commitment Agreement ("LIDCA"), which contributed to the $32.0 million reduction in Manitok's capital commitment over 2017 and 2018 as discussed below.
- Operating netback excluding the realized gain (loss) on financial instruments was $8.76/boe as compared to $2.45/boe in the second quarter of 2016.
- Per unit operating expenses decreased by 4% to $14.87/boe as compared to $15.44/boe in the second quarter of 2016.
- Per unit G&A expenses decreased by 45% to $2.79/boe as compared to $5.03/boe in the second quarter of 2016.
- As at June 30, 2017, net bank debt was $40.3 million and net debt was $73.4 million, which includes senior secured notes and long-term financial obligations.
- On May 24, 2017, Manitok announced amended terms to its LIDCA Agreement with an Alberta based royalty company, including a $32.0 million reduction of its capital commitment over 2017 and 2018. Full details are available in the press release which can be found either on Manitok's website (www.manitokenergy.com) or under Manitok's SEDAR profile at www.sedar.com.
- On June 6, 2017, Manitok closed the previously announced arrangement agreement to acquire Craft Oil Ltd. ("Craft Arrangement"), which includes approximately $4.5 million of cash, $0.9 million of working capital surplus and approximately 250 boe/d (22% oil and liquids) of production, subsequent to an asset divestiture by Craft, which closed prior to the Craft Arrangement. Craft shareholders received 56.9 million common shares of Manitok.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Operating				
Average daily production				
Light oil (bbls/d)	1,505	1,519	1,566	1,665
Natural gas (mcf/d)	20,605	11,004	22,144	12,654
NGLs (bbls/d)	617	235	669	223
Total (boe/d)	5,556	3,587	5,926	3,997
Average realized sales price				
Light oil ($/bbl)	57.00	49.42	57.82	42.38
Natural gas ($/mcf)	3.02	1.49	2.94	1.79
NGLs ($/bbl)	32.81	24.86	33.71	23.31

Total ($/boe)	30.29	27.11	30.08	24.64
Netback and Cost ($ per boe)				
Petroleum and natural gas sales	30.29	27.11	30.08	24.64
Processing revenue	1.01	0.74	0.97	0.65
Realized gain (loss) on financial instruments	(0.67)	5.74	(0.75)	24.47
Royalty income	0.07	-	0.05	-
Royalty expenses	(6.35)	(8.57)	(6.78)	(7.28)
Operating expenses	(14.87)	(15.44)	(13.34)	(15.03)
Transportation and marketing expenses	(1.39)	(1.39)	(1.44)	(1.47)
Operating netback (1)	8.09	8.19	8.79	25.98
General and administrative expenses	(2.79)	(5.03)	(2.82)	(4.38)
Interest and financing expenses	(3.48)	(3.90)	(3.19)	(4.02)
Funds from operations netback (1)	1.82	(0.74)	2.78	17.58
Financial				
Petroleum and natural gas revenue ($000)	15,352	8,849	32,314	17,923
Funds from operations ($000) (1)	(92)	(244)	1,850	12,791
Per share – basic and diluted ($) (1)	-	-	0.01	0.08
Net loss ($000)	(8,549)	(7,354)	(12,375)	(3,752)
Per share – basic and diluted ($) (2)	(0.03)	(0.04)	(0.05)	(0.02)
Common shares outstanding				
End of period – basic	319,716,343	177,510,671	319,716,343	177,510,671
End of period – diluted	386,267,338	193,888,631	386,267,338	193,888,631
Weighted average for the period – basic	277,825,505	168,663,250	270,364,121	162,364,715
Weighted average for the period – diluted	277,825,505	169,036,922	270,437,499	162,678,786
Capital expenditures, net of divestitures ($000)	2,212	3,260	4,419	9,426
Adjusted working capital deficit (surplus) ($000) (1)	3,044	1,853	3,044	1,853
Drawn on credit facilities ($000)	37,209	43,693	37,209	43,693
Net bank debt ($000) (1)	40,253	45,546	40,253	45,546
Senior Secured Notes	18,363	-	18,363	-
Long-term financial obligations ($000)	14,803	14,902	14,803	14,902
Net debt ($000) (1)	73,419	60,448	73,419	60,448

(1)	Funds from operations, funds from operations per share, funds from operations netback, operating netback, adjusted working capital 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 Financial Measures paragraph in the Advisories 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.

About Manitok

Manitok is a public oil and gas exploration and development company focusing on Lithic Glauconitic light oil in southeast Alberta and Cardium light oil in west central Alberta. The Corporation utilizes its expertise, combined with the latest recovery techniques, to develop the remaining oil and liquids-rich natural gas pools in its core areas of the Western Canadian Sedimentary Basin.

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", "net bank debt" and "net debt". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"), 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 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, gains or losses on asset divestitures and the change in 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, processing revenue, royalty income 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 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 provisions. 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 senior secured notes and 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.

SOURCE Manitok Energy Inc.

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