

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN  
THE UNITED STATES OF AMERICA.



**PRESS RELEASE**

**MANITOK ENERGY INC. ANNOUNCES FINANCIAL RESULTS FOR THE FISCAL YEAR  
ENDED JUNE 30, 2010**

**October 27, 2010, Calgary, Alberta** – Manitok Energy Inc. (the "Corporation" or "Manitok") (TSX-V: MEI) announces the financial results for Manitok Exploration Inc. ("MEX") as at and for the year ended June, 30, 2010. MEX is the private entity that amalgamated with Desco Resources Inc. to form the Corporation on July 8, 2010 (the "Amalgamation").

The financial results contained herein are qualified in their entirety by the full text of the audited annual financial statements of MEX as at and for the year ended June 30, 2010 and the related management's discussion and analysis, all of which can be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**Fiscal Year Highlights:**

- Average production of 203.1 boe/d, compared to average production of 214.9 boe/d in the June 30, 2009 fiscal period. Management of the Corporation believes that the limited decline of approximately 5.5% in average production is a positive reflection of the quality of reserves particularly considering that there were no acquisitions and no drilling operations conducted during the fiscal year.
- Proved reserves were relatively flat, after considering depletion, which was expected given that there were no wells added to the evaluation from last year's report. On a boe basis, reserves of heavy crude oil and natural gas liquids account for approximately 53% of Manitok's proved plus probable reserves.
- Acquired approximately 43,000 net acres of undeveloped land in the Alberta foothills through crown land sales; focusing primarily on "drill ready" prospects for crude oil and liquids rich natural gas in the Cardium and Mannville formations.
- Optimized operations at its heavy oil property in east-central Alberta in preparation for the development drilling program designed to follow up the new pool discovery made previously by MEX.
- During the fiscal year, MEX raised net proceeds of \$2,837,265 from the issuance of 1,413,956 Class "A" common shares of MEX ("MEX Shares") (equivalent to 1,060,467 common shares of Manitok ("Manitok Shares")) at a price of \$1.15 per MEX Share (equivalent to \$1.53 per Manitok Share) and 1,058,785 MEX Shares on a "flow-through" basis under the *Incomes Tax Act* (Canada) (the "MEX Flow-through Shares") (equivalent to 794,089 Manitok Shares issued on a "flow-through" basis under the *Income Tax Act* (Canada) ("Manitok Flow-through Shares")) at a price of \$1.30 per MEX Flow-through Share (equivalent to \$1.73 per Manitok Flow-Through Share). Subsequent to year-end, MEX raised net proceeds of \$9,294,090 from the issuance of 4,311,700 MEX Shares (equivalent to 3,233,775 Manitok Shares) at a price of \$1.15 per MEX

Share (equivalent to \$1.53 per Manitok Share) and 3,846,000 MEX Flow-through Shares (equivalent to 2,884,500 Manitok Flow-through Shares) at a price of \$1.30 per MEX Flow-through Share (equivalent to \$1.73 per Manitok Flow-through Share) prior to the completion of the Amalgamation.

- Cash flow from operations were negative, decreasing to \$(141,868), or \$(0.02) per diluted MEX Share, from \$741,588, or \$0.09 per diluted MEX Share, for the fiscal year ended June 30, 2009.
- Net loss of \$1,781,001, or \$0.19 per diluted MEX Share, compared to a net loss of \$1,254,949, or \$0.16 per diluted MEX Share, for the fiscal year ended June 30, 2009.

Lower natural gas prices along with the increased personnel levels in the second half of the fiscal year ended June 30, 2010 led to negative cash flow in such fiscal year. For most of the year, MEX's resources were committed to successfully completing the Amalgamation and positioning MEX for future growth by adding the necessary professionals and drilling opportunities through land sales. The majority (approximately \$2.2 million) of MEX's \$2.76 million of capital expenditures during the fiscal year were related to the acquisition of approximately 43,000 net acres of undeveloped land in the Alberta foothills. The remaining capital expenditures included acquiring seismic and heavy oil well equipment re-configurations and workovers. MEX completed no acquisitions and conducted no drilling operations during the year ended June 30, 2010. During the year ended June 30, 2010, management of MEX believed that greater shareholder value would be created in the future by accumulating a significant land position in the Alberta foothills while competitive interest was limited and commodity prices were low, rather than by drilling additional wells with limited capital resources during uncertain economic times.

#### June 30, 2010 Reserves Evaluation:

MEX had its reserves evaluated by Sproule Associates Limited ("**Sproule**"), an independent qualified reserves evaluator, in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, dated effective as at June 30 in each of the years ended 2008, 2009 and 2010. Reserves estimates stated herein are extracted from the relevant evaluation prepared by Sproule.

Sproule's estimates of Manitok's reserves and pre-tax discounted future net revenues based on forecast commodity prices and costs are set forth below:

Reserves Summary – June 30, 2010 Forecast Prices and Costs								
RESERVES CATEGORY	HEAVY AND LIGHT OIL		NATURAL GAS		NATURAL GAS LIQUIDS		TOTAL	
	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)	Gross (Mboe)	Net (Mboe)
<b>PROVED</b>								
Developed Producing	54.7	47.2	1,389	1,192	6.6	4.8	292.7	250.7
Developed Non-Producing	29.4	27.2	114	101	-	-	48.5	44.1
Undeveloped	171.3	153.8	185	176	1.6	1.1	203.7	184.3
<b>TOTAL PROVED</b>	<b>255.4</b>	<b>228.2</b>	<b>1,688</b>	<b>1,470</b>	<b>8.3</b>	<b>6.0</b>	<b>545.0</b>	<b>479.0</b>
<b>PROBABLE</b>	189.4	167.5	839	727	22.1	16.3	351.2	305.0
<b>PROVED PLUS PROBABLE</b>	<b>444.8</b>	<b>395.7</b>	<b>2,527</b>	<b>2,197</b>	<b>30.3</b>	<b>22.3</b>	<b>896.2</b>	<b>784.0</b>

Note:

(1) Columns may not add due to rounding of individual items.

<b>Net Present Value of Future Net Revenue - June 30, 2010 Forecast Prices And Costs</b>					
<b>RESERVES CATEGORY</b>	<b>Before Income Taxes, Discounted at (%/year)</b>				
	0% (M\$)	5% (M\$)	10% (M\$)	15% (M\$)	20% (M\$)
<b>PROVED</b>					
Developed Producing	6,181	5,380	4,773	4,302	3,930
Developed Non-Producing	1,390	1,194	1,040	917	817
Undeveloped	5,626	4,498	3,668	3,037	2,545
<b>TOTAL PROVED</b>	<b>13,197</b>	<b>11,073</b>	<b>9,481</b>	<b>8,256</b>	<b>7,292</b>
<b>PROBABLE</b>	9,611	7,236	5,627	4,491	3,658
<b>PROVED PLUS PROBABLE</b>	<b>22,808</b>	<b>18,308</b>	<b>15,108</b>	<b>12,748</b>	<b>10,951</b>

Notes:

- (1) Columns may not add due to rounding of individual items.
- (2) Estimates of future net revenues whether discounted or not do not represent fair market value.
- (3) The forecast of commodity prices used by Sproule in their evaluation can be found at [www.sproule.com](http://www.sproule.com).

The following table sets forth the reconciliation of MEX's reserves:

<b>Reserves Reconciliation</b>	<b>Proved (Mboe)</b>	<b>Probable (Mboe)</b>	<b>Proved + Probable (Mboe)</b>
<b>Opening balance</b>	<b>620.2</b>	<b>431.8</b>	<b>1,052.1</b>
Discoveries, extensions and improved recovery	-	-	-
Acquisitions (dispositions)	-	-	-
Technical revisions	25.1	(41.0)	(15.9)
Economic factors	(26.2)	(39.6)	(65.9)
Production over the year	(74.1)	-	(74.1)
<b>Closing balance</b>	<b>545.0</b>	<b>351.2</b>	<b>896.2</b>

Note:

- (1) Columns may not add due to rounding of individual items.

During MEX's year ended June 30, 2010, its proved plus probable reserves decreased by 155.9 Mboe to 896.2 Mboe which is a decrease of 15% compared to its proved and probable reserves of 1,052.1 Mboe as at June 30, 2009. Approximately 48% of that decrease was due to a decrease in production. Proved reserves decreased by 12% to 545.0 Mboe and approximately 98% of that decrease was due to a decrease in production.

Approximately 53% of Manitok's proved plus probable reserves are comprised of heavy crude oil and natural gas liquids on a boe basis. On a valuation basis, proved plus probable heavy crude oil and natural gas liquids reserves make up approximately 72% of the total reserves value on a NPV 10% basis.

The net present value of total proved plus probable reserves for the year ended June 30, 2010 amounted to \$15.1 million, which is a decrease of 14% from \$17.6 million as at June 30, 2009. The net present value of total proved reserves amounted to \$9.5 million, which is a decrease of 12% from \$10.8 million as at June 30, 2009. Each of these net present value amounts is calculated using the pre-tax present value of the reserves estimated by Sproule discounted at 10% without including any additional value for MEX's

undeveloped land base. As at June 30, 2010, MEX had 53,280 gross (50,720 net) acres of undeveloped land. Net undeveloped land comprised 88% of the total net land position of 57,424 acres.

Before considering decreases from production (74.1 Mboe), there were positive reserves revisions on Manitok's Swimming, Mannville, and Hairy Hills assets (42.0 Mboe on a proved plus probable basis) due to performance factors. After production, the remainder of the reserves decrease was due to technical revisions to the Garrington property (66.1 Mboe on a proved plus probable basis), which was subsequently sold on August 4, 2010, and economic cut off of the Coleman reserves (57.7 Mboe on a proved plus probable basis) due to lower natural gas prices and higher operating costs.

## **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 heavy crude oil in east-central Alberta.

**For further information** view our website at [www.manitokenergy.com](http://www.manitokenergy.com) or **contact:**

### **Manitok Energy Inc.**

Massimo M. Geremia, President and Chief Executive Officer

Telephone: 403-984-1751

Email: [mass@manitok.com](mailto:mass@manitok.com)

***Reserves For Portion of Properties:** All estimates of reserves volumes and future net revenues disclosed herein for June 30, 2010 are derived from the reserves evaluation dated September 10, 2010 which was prepared in accordance with National Instrument 51-101 by Sproule Associates Limited, an independent reserves evaluator. Estimates of reserves for each of June 30, 2008 and 2009 are derived from the evaluation of Manitok's reserves prepared by Sproule Associates Limited. With respect to the disclosure of reserves contained herein relating to portions of Manitok's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenues for all properties due to the effects of aggregation.*

***BOE Conversions:** 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 of natural gas to one barrel of oil. This boe conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

## **Forward-Looking Information Cautionary Statement**

*This document contains forward-looking statements regarding the business and operations of Manitok Energy Inc. All statements other than statements of historical fact contained herein are forward looking statements under applicable securities laws. In particular, statements as to recoverable reserves volumes and associated future net revenues and numbers of future wells that may be drilled are forward-looking statements. These forward-looking statements are based upon various assumptions as to future commodity prices, currency exchange rates, inflation rates, future well production rates, well drainage areas, success rates of future well drilling and future costs and availability of labour and services. With respect to estimates of reserves volumes and associated future net revenues and numbers of future wells to be drilled, a key assumption is the validity of the commodity prices, currency exchange rates, future capital and operating costs and well production rates forecast by Sproule in the Sproule Report. With respect to the number of future wells to be drilled, another key assumption is the validity of the geological and other technical interpretations that have been performed by Manitok's technical staff and which indicate that commercially economic reserves can be recovered from Manitok's lands as a result of drilling such future wells. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. In addition, all such forward-looking statements necessarily involve risks associated with oil and gas exploration, production, marketing and transportation, such as loss of market, volatility of prices, currency fluctuations, imprecision of reserves*

*estimates, environmental risks, competition from other producers and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.*

***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.***