



Q1 Quarterly Report

2010

For the Period Ended September 30, 2009

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three Months Ended September 30, 2009	Three Months ended September, 2008
OPERATING		
Daily Average Production		
Light Oil – barrels	1.7	4.2
Heavy Oil – barrels	72.5	85.0
Natural Gas – thousands of cubic feet	824.0	861.7
NGLs – barrels	7.3	4.7
Total – barrels of oil equivalent (6:1)	218.8	237.5
Average Sales Price		
Light Oil – per barrel	\$ 68.99	\$ 117.58
Heavy Oil – per barrel	\$ 58.07	\$ 96.89
Natural Gas – per thousand cubic feet	\$ 2.86	\$ 8.04
NGLs – per barrel	\$ 23.52	\$ 56.62
Total – per barrel of oil equivalent (6:1)	\$ 31.31	\$ 67.03
Undeveloped Land		
Gross (acres)	15,360	12,800
Net (acres)	10,602	8,042
NETBACK AND COST		
(\$ per barrel of oil equivalent at 6:1)		
Petroleum & natural gas revenue	\$ 31.31	\$ 67.03
Royalties	(4.13)	(14.65)
Operating expense	(11.32)	(13.22)
Transportation and marketing expense	(1.86)	(1.97)
Netback	14.00	37.19
General & administrative expense	(15.85)	(13.96)
Interest expense	(0.26)	--
Other income	0.01	0.95
Income Taxes	--	--
Cash Flow Netback	(2.10)	24.18
Depletion and depreciation	(27.24)	(25.30)
Accretion	(0.98)	(0.80)
Stock-based compensation expense	(0.75)	(1.40)
Future income tax expense	7.89	0.49
Net Earnings (Loss)	(23.18)	(2.83)
FINANCIAL		
Petroleum & Natural Gas Revenue (\$)	630,219	1,464,389
Cash Flow from Operations (\$)	(42,505)	528,203
Per share – basic (\$)	(0.005)	0.07
Per share – diluted (\$) ^{(1) (2)}	(0.005)	0.07
Net Earnings (Loss) (\$)	(466,962)	(61,802)
Per share – basic (\$)	(0.057)	(0.01)
Per share – diluted (\$) ^{(1) (2)}	(0.058)	(0.01)
Common Shares Outstanding		
End of Period – Basic	8,176,826	7,899,678
End of Period – Diluted	8,877,511	8,864,178
Weighted Average for Period – Basic	8,176,826	7,545,895
Weighted Average for Period – Diluted ^{(1) (2)}	8,201,978	7,684,614
Capital Expenditures (\$)	120,323	2,166,671
Working Capital Excluding Credit Facility (\$)	381,667	2,447,121
Revolving Credit Facility (\$)	(989,408)	--
Net Working Capital (\$)	(607,741)	--

(1) In calculating the diluted common shares outstanding at September 30, 2009, Manitok estimates its weighted average fair market value of the common shares to be \$1.65 per common share.

(2) In calculating the diluted common shares outstanding at September 30, 2008, Manitok estimates its weighted average fair market value of the common shares to be \$2.45 per common share.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") in respect to the first quarter ended September 30, 2009 (the "**Reporting Period**") is dated February 11, 2010. The prior comparative quarter is from July 1 to September 30, 2008 (the "**Comparable Prior Period**").

For the Reporting Period the following discussion and analysis is Management's assessment of the unaudited financial and operating results of Manitoq Exploration Inc. (the "**Corporation**" or "**Manitok**") and should be read in conjunction with the audited financial statements of the Corporation for the fiscal year ending June 30, 2009, all of which has been prepared in accordance with Canadian Generally Accepted Accounting Principles.

FORWARD LOOKING STATEMENTS

This disclosure includes forward-looking statements and assumptions respecting the Corporation's strategies, future operations, expected financial results, financing sources, commodity prices, costs of production and quantum of petroleum and natural gas reserves and discusses certain issues, risks and uncertainties that can be expected to impact on any of such matters.

By their nature, forward-looking statements are subject to numerous risks and uncertainties that can significantly affect future results. Actual future results may differ materially from those assumed or described in such forward-looking statements as a result of the impact of issues, risks and uncertainties whether described herein or not, which the Corporation may not be able to control. The reader is therefore cautioned not to place undue reliance on such forward-looking statements.

The Corporation disclaims any intention or obligation to update or revise these forward-looking statements as a result of new information, future events or otherwise.

NON-GAAP MEASURES

Included in this MD&A for the Reporting Period are references to terms commonly used in the petroleum and natural gas industry, such as cash flow or cash generated from operations, cash flow per share, operating netback and cash flow netback.

Cash flow, as discussed in this MD&A for the Reporting Period, appears as a separate line on the Corporation's Statements of Cash Flows above "changes in non-cash working capital" and is reconciled to net earnings or loss. In the Corporation's financial disclosure documents, operating netback denotes petroleum and natural gas revenue less royalties (net of ARTC), less operating expenses and less transportation and marketing expenses. Cash flow netback as used herein denotes net earnings plus future income tax expense, depletion, depreciation and accretion expense and non-cash stock-based compensation expense.

These terms are not defined by Generally Accepted Accounting Principles and consequently, they are referred to as non-GAAP measures. The reader should be cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

BOE CONVERSIONS

Barrel of oil equivalent ("BOE") amounts may be misleading, particularly if used in isolation. A BOE conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel and is based on an energy equivalent conversion method primarily applicable at the burner tip and does not necessarily represent an economic value equivalency at the wellhead.

MAJOR TRANSACTIONS AFFECTING FINANCIAL RESULTS

The financial results of the Corporation have been significantly affected by transactions that were closed since June 30, 2009 and up to the date of this MD&A. These transactions are summarized below:

1. On December 31, 2009, the Corporation issued 1,058,785 flow-through shares at \$1.30 per share for gross proceeds of \$1,376,421 and net proceeds of \$1,303,336.
2. On December 31, 2009, the Corporation issued 176,956 common shares at \$1.15 per share for gross proceeds of \$203,499 and net proceeds of \$191,289.
3. On January 6, 2010, the Corporation signed a Letter of Intent (LOI) with Desco Resources Inc., a TSX venture listed capital pool corporation (CPC). The purpose of the LOI was to set forth the conditions for a proposed business combination of the two companies. The LOI also set forth the manner in which the parties wish to proceed to complete their review of the feasibility of completing the transaction.

OUTSTANDING SHARE DATA

	Common Shares
Outstanding Balance at June 30, 2008	5,824,942
Private placement, flow through shares July 10, 2008	667,959
Private placement, common shares July 14, 2008	1,284,749
Private placement, common shares August 29, 2008	37,028
Private placement, flow through shares September 29, 2008	85,000
Outstanding Balance at September 30, 2008	7,899,678
Private placement, common shares December 20, 2008	48,375
Private placement, flow through shares December 31, 2008	228,773
Outstanding Balance at December 31, 2008	8,176,826
Outstanding Balance at March 31, 2009	8,176,826
Outstanding Balance at June 30, 2009	8,176,826
Outstanding Balance at September 30, 2009	8,176,826

RESULTS OF OPERATIONS

Petroleum and Natural Gas Revenue

Petroleum and natural gas revenues totaled \$630,219 for the Reporting Period as compared to \$1,464,389 in the Comparable Prior Period.

The following table details Manitok's petroleum and natural gas revenue, production and sales prices by category for the Reporting Periods and the Comparable Prior Periods:

	Quarter Ended September 30, 2009				Quarter Ended September 30, 2008			
	Total Revenue (\$)	Average Daily Production	%	Average (\$/unit)	Total Revenue (\$)	Average Daily Production	%	Average (\$/unit)
Natural Gas (mcf/d)	216,467	824.0	63	2.86	637,226	861.7	60	8.04
Light Oil (bbls/d)	10,507	1.7	1	68.99	45,137	4.2	2	117.58
Heavy oil (bbls/d)	387,422	72.5	33	96.89	757,657	85.0	36	96.89
Natural gas liquids (bbls/d)	15,823	7.3	3	23.52	24,369	4.7	2	56.62
Total petroleum and natural gas sales (BOE)	630,219	218.8	100	31.31	1,464,389	237.5	100	67.03
Royalty revenue	--			--	--			--
Total petroleum and natural gas revenue	630,219	218.8		31.31	1,464,389	237.5		67.03

Commodity Prices

The price the Corporation receives for its production depends on a number of factors, including AECO Canadian dollar spot market prices for natural gas, U.S. dollar oil prices, the U.S./Canadian dollar exchange rate, and transportation and product quality differentials. Manitok regularly considers managing the risk associated with fluctuating spot market prices for natural gas and U.S. dollar oil prices and the U.S./Canadian dollar exchange rate. Manitok currently has no fixed commodity price contracts or other hedge type contracts and no current plans to enter into such contracts. In regards, to our heavy oil pricing, the Corporation is paid based on Lloydminster Blend at Hardisty less a quality adjustment, blending costs, terminal charges, and loss allowance.

Royalties

Oil and natural gas royalties totaled \$83,236 (\$4.13 per BOE) during the Reporting Period. The overall effective royalty rate was 13.2% of the Corporation's total revenues from the sale of natural gas and heavy oil. Of the total amount of royalties, 79.6% were Crown royalties while the remaining 20.4% related to freehold and gross overriding royalties. Oil and natural gas royalties totaled \$320,129 (\$14.65 per BOE) during the Comparable Prior Period. The overall effective royalty rate was 21.9% of the Corporation's total revenues from the sale of natural gas and heavy oil. Of the total amount of royalties, 78.9% were Crown royalties while the remaining 21.1% related to freehold and gross overriding royalties.

Operating Costs

Operating expenses were \$227,875 (\$11.32 per BOE) for the Reporting Period and \$288,765 (\$13.22 per BOE) in the Comparable Prior Period.

Transportation & Marketing Costs

Transportation and marketing costs were \$37,376 (\$1.86 per BOE) in the Reporting Period and \$43,113 (\$1.97 per BOE) for the Comparable Prior Period.

General and Administrative Expense

Net general and administrative costs in the Reporting Period were \$319,156 (\$15.85 per BOE) as compared to \$304,887 (\$13.96 per BOE) in the Comparable Prior Period. The components of G&A are as follows:

General and Administrative Expense (\$'s)	Quarter Ended September 30, 2009		Quarter Ended September 30, 2008	
Salaries and Consultant Fees	137,336	43%	131,140	43%
Other	182,241	57%	174,487	57%
G & A expense, gross	319,577	100%	305,627	100%
Overhead recoveries	(421)	0%	(740)	0%
Capitalized overhead	--	--	--	--
G & A expense, net	319,156	100%	304,887	100%
G & A expense, net per BOE	\$15.85		\$13.96	

The Corporation has not capitalized any portion of salaries and consultant fees. The Corporation expects that the current level of G&A costs would not increase significantly until it is producing over 400 boepd.

Interest Expense

Interest expense for the Reporting Period was \$5,286 (\$0.26 per BOE) and the interest expense for the Comparable Prior Period was NIL. The Corporation has established a revolving credit facility, with an authorized credit limit of \$3,100,000.

At the end of the Reporting Period Manitok had drawn on the credit facility in the amount of \$989,408 and the drawn amount for the Comparable Prior Period was NIL.

Depletion, Depreciation and Accretion Expense

The provision for depletion, depreciation and accretion for the Reporting Period was \$568,143 (\$28.22 per BOE). Depletion and depreciation expense was \$548,363 (\$27.24 per BOE), leaving the remaining \$19,780 (\$0.98 per BOE) as accretion in relation to the Corporation's asset retirement obligations. In the Comparable Prior Period, the provision for depletion, depreciation and accretion was \$570,121 (\$26.10 per BOE). Depletion and depreciation expense was \$552,691 (\$25.30 per BOE), leaving the remaining \$17,430 (\$0.80 per BOE) as accretion in relation to the Corporation's asset retirement obligations.

Depletion and depreciation expense is primarily a function of both the proved reserve additions and the cost of petroleum and natural gas properties in the full cost pool attributable to those proved reserves.

Taxes

Manitok estimates it is not required to pay any income tax during the Reporting Period. Manitok monitors its income tax position regularly and will plan accordingly to ensure it pays minimal or no income tax.

For the Reporting Period, Manitok recorded a future income tax recovery of \$158,880 (\$7.89 per BOE). In the Comparable Prior Period Manitok recorded a future income tax recovery of \$10,795 (\$0.49 per BOE).

Stock-Based Compensation

Manitok accounts for its stock-based compensation programs using the fair value method. Under this method, the Corporation records compensation expense related to the stock-based compensation programs in the income statement over the vesting period.

The Corporation recorded \$15,194 (\$0.75 per BOE) of stock-based compensation expense during the Reporting Period, relating to the 320,000 stock options issued in Q1 2006, the 125,000 stock options issued in Q3 2007, the 219,500 options issued in Q3 2008 and the 185,000 stock options issued in Q2 2009. The Corporation recorded \$30,679 (\$1.40) of stock-based compensation expense during the Comparable Prior Period, relating to the 320,000 stock options issued in Q1 2006, the 125,000 stock options issued in Q3 2007 and the 219,500 options issued in Q3 2008.

CAPITAL EXPENDITURES AND CAPITAL RESOURCES

Capital expenditures amounted to \$120,323 during the Reporting Period. In the Comparable Prior Period capital expenditures were \$2.17 million.

The following table sets forth a summary of the capital expenditures during the Reporting Period and the Comparable Prior Period:

Capital Expenditures

Quarter Ended September 30 (\$)	2009	2008
Land	67,554	7,682
Exploration – seismic	5,649	15,555
Exploration – other	--	--
Drilling and completions	78,318	641,549
Development – other	--	1,340,813
Well equipment and facilities	(6,219)	164,474
Capitalized general and administrative expenses	--	--
Total F&D Costs	145,302	2,170,073
Acquisition (Disposition)	(24,979)	(5,937)
Total FD&A Costs	120,323	2,164,136
Administrative assets	--	2,535
Total Capital Expenditures	120,323	2,166,671

The following table sets forth a summary of the Corporation's capital resources for the Reporting Period and the Comparable Prior Period:

Capital Resources

Quarter Ended September 30 (\$)	2009	2008
Cash generated by operations	(42,505)	528,203
Changes in working capital from operations	4,190	204,147
Equity issues, net of issue costs	--	5,409,791
Changes in Revolving Loan facility	373,639	--
Changes in working capital from financing	--	(1,600,614)
Changes in working capital from investing	(215,019)	502,097
Total capital resources (uses)	120,305	5,043,624

SELECTED QUARTERLY INFORMATION

Quarter Ended (\$, except share and per share amounts)	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Petroleum and natural gas production (BOE per day)	218.8	201.8	206.0	211.7
Petroleum and natural gas commodity price (\$ per BOE)	31.31	29.52	31.96	41.83
Natural gas commodity price at wellhead (\$ per mcf)	2.86	3.55	5.00	6.97
Light Oil commodity price at wellhead (\$ per bbl)	68.99	63.91	51.78	61.37
Heavy Oil commodity price at wellhead (\$ per bbl)	58.07	53.59	36.96	41.41
Total petroleum and natural gas revenue	630,219	542,184	599,273	814,688
Total royalties	(83,236)	(55,027)	(84,571)	(160,348)
Total interest and other revenue	205	945	9,650	36,461
Total revenues, net	547,188	488,102	524,353	690,801
Capital expenditures	120,323	328,313	825,484	2,562,001
Net income (loss)	(466,962)	(478,890)	(451,785)	(325,592)
Per share basic	(\$0.06)	(\$0.05)	(\$0.06)	(\$0.04)
Per share diluted	(\$0.06)	(\$0.05)	(\$0.06)	(\$0.04)
Cash generated by operations	(42,505)	14,539	14,821	184,025
Per share basic	(\$0.005)	\$0.00	\$0.00	\$0.02
Per share diluted	(\$0.005)	\$0.00	\$0.00	\$0.02
Book value of total assets	15,481,115	15,909,155	16,097,585	15,788,722
Revolving credit facility	(989,408)	(615,769)	--	--
Working Capital Excluding Credit Facility (Deficiency)	381,667	170,856	(131,140)	679,524
Shareholder's equity	12,845,404	13,234,052	13,680,455	14,817,206
Common shares outstanding – end of period				
Basic	8,176,826	8,176,826	8,176,826	8,176,826
Diluted	8,877,511	9,226,826	9,226,826	9,326,826
Weighted average common shares outstanding				
Basic	8,176,826	8,176,826	8,176,826	7,908,474
Diluted	8,201,978	8,176,626	8,176,826	7,948,212

Quarter Ended (\$, except share and per share amounts)	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Petroleum and natural gas production (BOE per day)	237.5	245.5	250.4	271.0
Petroleum and natural gas commodity price (\$ per BOE)	67.03	77.94	58.83	39.45
Natural gas commodity price at wellhead (\$ per mcf)	8.04	10.32	8.20	6.19
Light Oil commodity price at wellhead (\$ per bbl)	117.58	122.04	102.50	--
Heavy Oil commodity price at wellhead (\$ per bbl)	96.89	95.05	69.18	41.48
Total petroleum and natural gas revenue	1,464,389	1,740,959	1,340,483	983,622
Total royalties, net of ARTC ⁽¹⁾	(320,129)	(313,501)	(269,152)	(217,254)
Total interest and other revenue	20,708	3,133	5,138	2,606
Total revenues, net	1,164,968	1,430,591	1,076,469	768,973
Capital expenditures	2,166,671	1,687,835	1,472,422	542,225
Net income (loss)	(61,802)	103,287	309,619	(382,805)
Per share basic	(\$0.01)	\$0.05	\$0.05	(\$0.07)
Per share diluted	(\$0.01)	\$0.04	\$0.05	(\$0.07)
Cash generated by operations	528,203	781,999	574,754	258,094
Per share basic	\$0.07	\$0.13	\$0.10	\$0.05
Per share diluted	\$0.07	\$0.13	\$0.10	\$0.04
Book value of total assets	13,803,513	12,189,534	13,712,892	11,176,552
Revolving credit facility	--	--	--	--
Working Capital Excluding Credit Facility (Deficiency)	2,447,121	(1,324,202)	(418,366)	479,302
Shareholder's equity	14,506,314	9,114,541	8,736,334	8,515,323
Common shares outstanding – end of period				
Basic	7,899,678	5,824,942	5,824,942	5,824,942
Diluted	8,864,178	6,789,442	6,789,442	6,569,942
Weighted average common shares outstanding				
Basic	7,545,895	5,824,942	5,824,942	5,702,132
Diluted	7,684,614	5,951,139	5,937,433	5,872,955

Liquidity and Bank Debt

Working Capital

The Corporation had working capital of \$(607,741) at September 30, 2009 (\$2,447,121 at September 30, 2008). The largest portion of Manitok's current assets (50%) is from receivables for joint venture billings and cash to be received from marketers in respect of September 2009 production and from deposits (40%) in respect to industry standard government and transportation deposits. In contrast, the current liabilities consist of (25%) relating to trade payables.

The Corporation did not have any liquidity issues with respect to the operation of its petroleum and natural gas business during the Reporting Period nor does it anticipate a liquidity issue in the foreseeable future. The Corporation intends to finance its oil and natural gas business primarily through cash generated from operations, proceeds from bank debt, proceeds from long-term debt arrangements, and equity financings to the extent required.

Bank Debt/Revolving Production Loan Facility

The Corporation's bank debt or Revolving Production Loan Facility has a limit of \$3,100,000 (as of January 23, 2009) and was drawn to \$989,408 at September 30, 2009 as compared to NIL at September 30, 2008. The increase was due to operational and capital spending and an unexpected drop in commodity prices. The current amount drawn on the Loan Facility is NIL; it was reduced from \$989,408 due to the equity issue subsequent to quarter end. The Corporation was compliant with all covenants under its Credit Facility throughout the Reporting Periods and continues to be in compliance with its covenants at this time.

The Corporation is currently reviewing the renewal of its Credit Facility. It expects the new amount for the Revolving Production Loan Facility to be about \$2,500,000, down from \$3,100,000 the previous year. The main reason being the significant drop in the lending value of the assets which was due to the sharp decrease in commodity prices from June 30, 2008 to June 30, 2009; the date of our reserves evaluation from Sproule. The Credit Facility is expected to be renewed sometime in the fiscal 3rd quarter.

OUTLOOK

The Corporation has spent the last 12 months positioning itself for the turn in the commodity cycle. It has minimized capital spending in order to maintain a clean balance sheet. The Corporation has committed itself to a strategy which is focused on exploiting the Western Canadian foothills. Over the last 8 months, the corporation has added 15,936 hectares (62.25 sections) in the foothills to its land portfolio for an average cost of \$108 per hectare. It recently raised \$2,837,963 of equity in order to reduce debt and add more land before the Corporation completes its pending transaction with Desco Resources Inc. in order to become listed on a public exchange. The Corporation believes that it will have a greater ability to raise capital once publicly listed. Given the growth potential of its drilling inventory, a solid balance sheet and a public listing, the Corporation is well positioned to execute its growth strategy once the commodity price cycle turns positive.

**QUARTERLY FINANCIAL STATEMENTS
FIRST QUARTER
SEPTEMBER 30, 2009
(UNAUDITED)**

MANITOK EXPLORATION Inc.
Balance Sheets
(\$)

	As at September 30, 2009	As at June 30, 2009
ASSETS		
CURRENT		
Cash	70,747	70,765
Accounts receivable	360,011	287,595
Prepaid and deposits	288,168	291,562
	<u>718,926</u>	<u>649,922</u>
Petroleum and natural gas properties and equipment (Note 2)	15,481,115	15,909,155
	<u>16,200,041</u>	<u>16,559,077</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	337,259	479,066
Revolving Operating Loan Facility (Note 3)	989,408	615,769
Advances received for shares to be issued	--	--
	<u>1,326,667</u>	<u>1,094,835</u>
Asset retirement obligations (Note 4)	1,029,970	1,010,190
Future income taxes	998,000	1,156,880
	<u>3,354,637</u>	<u>3,261,905</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	14,436,550	14,436,550
Contributed surplus (Note 6)	474,055	458,861
Deficit	(2,065,201)	(1,598,239)
	<u>12,845,404</u>	<u>13,297,172</u>
	<u>16,200,041</u>	<u>16,559,077</u>

Commitments (Note 7)
Subsequent events (Note 9)

See accompanying notes to the financial statements.

APPROVED BY THE BOARD

"Bruno Geremia"
Bruno P. Geremia C.A., Director

"Massimo Geremia"
Massimo M. Geremia, Director

MANITOK EXPLORATION Inc.
Statements of Income, Comprehensive Income and Deficit
(\$)

	Quarter Ended September 30, 2009	Quarter Ended September 30, 2008
REVENUE		
Petroleum and natural gas	630,219	1,464,389
Royalties	(83,236)	(320,129)
Interest	205	20,708
	<u>547,188</u>	<u>1,164,968</u>
EXPENSES		
Petroleum and natural gas operations	265,251	331,878
General and administrative	319,156	304,887
Interest	5,286	--
Stock-based compensation (Note 6)	15,194	30,679
Depletion, depreciation and accretion	568,143	570,121
	<u>1,173,030</u>	<u>1,237,565</u>
INCOME (LOSS) BEFORE INCOME TAXES	(625,842)	(72,597)
TAXES		
Future income tax (recovery)	(158,880)	(10,795)
	<u>(158,880)</u>	<u>(10,795)</u>
NET INCOME (LOSS) AND COMPREHENSIVE INCOME	(466,962)	(61,802)
DEFICIT, BEGINNING OF PERIOD	(1,598,239)	(343,290)
DEFICIT, END OF PERIOD	(2,065,201)	(405,092)
Net Income (loss) per common share		
Basic and diluted	(0.06)	(0.01)
Weighted average common shares		
Basic and diluted	8,176,826	7,545,895
See accompanying notes to the financial statements.		

MANITOK EXPLORATION Inc.
Statements of Cash Flows
(\$)

	Quarter Ended September 30, 2009	Quarter Ended September 30, 2008
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net loss	(466,962)	(61,802)
Adjustments for items not affecting cash:		
Depletion, depreciation and accretion	568,143	570,121
Stock-based compensation	15,194	30,679
Future income tax recovery	(158,880)	(10,795)
	(42,505)	528,203
Changes in non-cash working capital (Note 8)	4,190	204,147
	(38,315)	732,350
FINANCING		
Issuance of share capital, net of issue costs	--	5,409,791
Revolving Production Loan Facility	373,639	--
Changes in non-cash working capital (Note 8)	--	(1,600,614)
	373,639	3,809,177
INVESTING		
Expenditures on petroleum and natural gas properties and equipment	(120,323)	(2,166,671)
Changes in non-cash working capital (Note 8)	(215,019)	502,097
	(335,342)	(1,664,574)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(18)	2,876,953
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	70,765	889,417
CASH AND CASH EQUIVALENTS, END OF PERIOD	70,747	3,766,370
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash (bank indebtedness)	70,747	3,766,370
Guaranteed investment certificate	--	--
	70,747	3,766,370

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Manitok Exploration Inc. ("Manitok" or the "Corporation") is a private company incorporated under the Business Corporations Act (Alberta) on April 20, 2005. The Corporation is principally involved in the exploration, development and production of oil and natural gas in Canada. Manitok's financial year end is June 30.

The interim financial statements of Manitok have been prepared by management in accordance with accounting principles generally accepted in Canada and are unaudited. The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the period ended June 30, 2009. The disclosures which follow do not include all disclosures required for the annual financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended June 30, 2009.

2. PETROLEUM AND NATURAL GAS PROPERTIES AND EQUIPMENT

	September 30, 2009		
	Cost (\$)	Accumulated Depletion and Depreciation (\$)	Net Book Value (\$)
Petroleum and natural gas properties and equipment	20,546,099	(5,112,000)	15,434,099
Office and other equipment	91,870	(44,854)	47,016
	20,637,969	(5,156,854)	15,481,115

	June 30, 2009		
	Cost (\$)	Accumulated Depletion and Depreciation (\$)	Net Book Value (\$)
Petroleum and natural gas properties and equipment	20,425,775	(4,569,000)	15,856,775
Office and other equipment	91,871	(39,491)	52,380
	20,517,646	(4,608,491)	15,909,155

The Corporation used an independent reserve company's reserve evaluation at June 30, 2009 for the purposes of determining the depletion and depreciation. As at September 30, 2009, the cost of petroleum and natural gas properties includes \$1,065,357 relating to unproved properties, which have been excluded from costs subject to depletion and depreciation.

The Corporation performed an impairment (ceiling) test review at September 30, 2009 to assess the recoverable value of the petroleum and natural gas properties and equipment and to assess that it does not exceed its fair value.

Based on management's review there is no impairment of petroleum and natural gas properties and equipment as at September 30, 2009.

3. REVOLVING PRODUCTION LOAN FACILITY

At September 30, 2009, a Revolving Production Loan Facility has been authorized to a maximum of \$3,100,000 (as of January 23, 2009) and bears interest at the bank's prime lending rate plus 1.35. At September 30, 2009, \$989,408 was outstanding on the Loan Facility.

The Credit Facility is subject to review at least annually. It is currently under review as of this date. The credit facility is expected to be renewed early in the 3rd fiscal quarter for about \$2,500,000. The next review period should begin on or about October 31, 2010 but may be changed at the sole discretion of the Lender.

A general security agreement covering all assets of the Corporation has been pledged as security.

4. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligation was estimated based on the Corporation's net ownership in all wells and facilities, the estimated cost to restore and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. The Corporation estimates the undiscounted cash flows related to asset retirement obligations, adjusted for inflation, to be incurred over the estimated reserve life of the underlying assets, totals approximately \$1,863,000. The fair value of these obligations at September 30, 2009 was \$1,029,970 using a discount rate of 8.0% and an inflation rate of 2.0%.

A reconciliation of the asset retirement obligations is provided below:

(\$)	September 30, 2009	June 30, 2009
Opening Balance, July 1	1,010,190	889,890
Obligations incurred	--	47,070
Accretion expense	19,780	73,230
Ending Balance	1,029,970	1,010,190

5. SHARE CAPITAL

(a) Authorized

Unlimited number of voting common shares
Unlimited number of non-voting preferred shares

See table below for common shares issued:

(b) Issued

	Number of Class A Common Shares	Amount (\$)
Balance, June 30, 2007	5,493,882	8,746,878
July 27, 2007: Private Placement – Common Shares	202,500	405,000
August 30, 2007: Private Placement – Common Shares	4,400	9,680
December 31, 2007: Private Placement – Flow Through Shares	124,160	366,272
Tax Effect of Flow Through Share Renunciation		(410,470)
Balance, June 30, 2008	5,824,942	9,117,360

July 10, 2008: Private Placement – Flow Through Shares	667,959	1,970,479
July 14, 2008: Private Placement – Common Shares	1,284,749	3,147,635
August 29, 2008: Private Placement – Common Shares	37,028	90,719
September 29, 2008: Private Placement – Flow Through Shares	85,000	250,750
Tax Effect of Issue Costs		(36,687)
Balance, September 30, 2008	7,899,678	14,540,256
December 20, 2008: Private Placement – Common Shares	48,375	118,518
December 31, 2008: Private Placement – Flow Through Shares	228,773	503,301
Share issue costs, net of tax effect		(8,429)
Balance, December 31, 2008	8,176,826	15,153,646
Tax Effect of Flow Through Share Renunciation		(717,096)
Balance, June 30, 2009	8,176,826	14,436,550
Balance September 30, 2009	8,176,826	14,436,550

6. STOCK-BASED COMPENSATION

The Corporation has established a stock-based compensation plan whereby officers, employees, directors and key consultants may be granted options or warrants to purchase one common share for each option or warrant granted, at a fixed price not less than the fair market value of the stock at the time of grant, subject to certain conditions being met. Stock options granted under this plan vest over a three year period at the rate of one-third on each anniversary date of the stock option grant. All stock options granted are for a five year term.

In order to calculate the compensation expense, the fair value of the stock options and the warrants is estimated using the Black-Scholes option-pricing model that takes into account, as of the grant date: exercise price, expected life, current price, expected volatility, expected dividends, and risk-free interest rates.

For the period ended September 30, 2009, the Corporation recorded \$15,194 of compensation expense and a corresponding increase to contributed surplus related to the stock options outstanding during the period.

There were no options issued in the quarter or the comparable quarter.

A summary of the changes in the number of stock options outstanding under the plan is presented below:

	Number Outstanding
Outstanding, June 30, 2008	664,500
Options Granted	185,500
Options Exercised	
Options Forfeited	(147,500)
Outstanding, September 30, 2009	702,500

A summary of the stock options outstanding at September 30, 2009 is presented below:

Outstanding			Exercisable	
Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price
207,500	\$1.45	0.94	207,500	\$1.45
105,000	\$2.00	2.44	70,000	\$2.00
137,000	\$2.45	3.28	45,667	\$2.45
67,500	\$2.45	3.45	22,500	\$2.45
185,500	\$2.45	4.22	--	--
702,500	\$2.09	2.86	345,667	\$1.76

Performance Warrants

On July 1, 2006 the Company granted 300,000 performance warrants with an exercise price of \$2.00 per share that vest upon certain performance criteria being met. The performance criteria are met when the market price of the common shares equals or exceeds \$4.00 per common share and it is combined with a liquidity event. The liquidity event can be either the outright sale or merger of the Corporation or any event which causes the private entity to become a public entity. All warrants have a five year term.

The compensation expense relating to the performance warrants was recorded in the 2007 fiscal year in accordance with CICA Handbook section 3870.

Contributed Surplus Continuity

	<u>(\$)</u>
Balance, June 30, 2009	458,861
Stock-based compensation expense – stock options September 30, 2009	<u>15,194</u>
Balance, September 30, 2008	<u>474,055</u>

7. COMMITMENTS

Flow-Through Share Commitment

The Corporation committed to renounce \$278,173 of exploration expenditures for the 2007 taxation year at December 31, 2007 pursuant to a flow-through common share issue completed on June 29, 2007. ManitoK had until December 31, 2008 to incur these exploration expenditures. As at December 31, 2008, ManitoK had satisfied its obligation.

The Corporation committed to renounce \$366,272 of exploration expenditures for the 2007 taxation year at December 31, 2007 pursuant to a flow-through common share issue completed on December 31, 2007. ManitoK had until December 31, 2008 to incur these exploration expenditures. As at December 31, 2008, ManitoK had satisfied its obligation.

The Corporation committed to renounce \$1,970,479 of exploration expenditures for the 2008 taxation year at December 31, 2008 pursuant to a flow-through common share issue completed on July 10, 2008. Manitok has until December 31, 2009 to incur these exploration expenditures. As at December 31, 2008, Manitok had satisfied its obligation.

The Corporation committed to renounce \$250,750 of exploration expenditures for the 2008 taxation year at December 31, 2008 pursuant to a flow-through common share issue completed on September 29, 2008. Manitok has until December 31, 2009 to incur these exploration expenditures. As at December 31, 2008, Manitok had satisfied its obligation.

The Corporation committed to renounce \$503,301 of exploration expenditures for the 2008 taxation year at December 31, 2008 pursuant to a flow-through common share issue completed on December 31, 2008. Manitok has until December 31, 2009 to incur these exploration expenditures. As at January 31, 2009, Manitok has satisfied its obligation.

Office Premises

The Corporation is committed under a new operating lease beginning May 1, 2008 which expires on February 27, 2010. Under this commitment the Corporation will pay a monthly rate of \$14,174, excluding occupancy costs, until the lease expires.

201070,870

8. SUPPLEMENTARY CASH FLOW INFORMATION

The following table details the components of non-cash working capital:

	<u>Period Ended</u> <u>September 30, 2009</u>	<u>Period Ended</u> <u>September 30, 2008</u>
Provided by (used in)		
Accounts receivable	(43,845)	296,716
Prepaid and other	--	--
Accounts payable and accrued liabilities	(166,984)	(1,191,086)
	<u>(210,829)</u>	<u>(894,370)</u>
Operating	4,190	204,147
Financing	--	(1,600,614)
Investing	(215,019)	502,097
	<u>(210,829)</u>	<u>(894,370)</u>

9. SUBSEQUENT EVENTS

1. On December 31, 2009, the Corporation issued 1,058,785 flow-through shares at \$1.30 per share for gross proceeds of \$1,376,421 and net proceeds of \$1,303,336.
2. On December 31, 2009, the Corporation issued 176,956 common shares at \$1.15 per share for gross proceeds of \$203,499 and net proceeds of \$191,289.
3. On January 6, 2010, the Corporation signed a Letter of Intent (LOI) with Desco Resources Inc., a TSX venture listed capital pool corporation (CPC). The purpose of the LOI was to set forth the conditions for a proposed business combination of the two companies. The LOI also set forth the manner in which the parties wish to proceed to complete their review of the feasibility of completing the transaction.

OFFICERS

Massimo M. Geremia
CEO & CFO
Ph: (403)984-1751
mass@manitok.com

Tim de Freitas, M.Sc., Ph.D.
Vice President Exploration
Ph: (403)984-1756
tim@manitok.com

Gregory Peterson
Corporate Secretary

DIRECTORS

Bruno P. Geremia, C.A.^{(1) (2) (3)}
Chairman of the Board
CFO & Vice President
Birchcliff Energy Ltd.
Calgary, Alberta

Cameron G. Vouri, P.Eng.^{(1) (4)}
President, Canadian Oil &
Gas Production Business Unit
Provident Energy Trust
Calgary, Alberta

Wilfred A. Gobert^{(2) (3)}
Independent Businessman
Calgary, Alberta

Tom Spoletini^{(2) (3)}
Independent Businessman
Calgary, Alberta

Gregory Peterson^{(3) (4)}
Partner
Gowlings Lafleur Henderson
Calgary, Alberta

Massimo M. Geremia^{(2) (4)}
CEO & CFO
Manitok Exploration Inc.
Calgary, Alberta

BANKERS:

ATB Financial
Calgary, Alberta

SOLICITORS:

Gowlings LLP
Calgary, Alberta

RESERVE ENGINEERS:

Sproule

AUDITORS:

Kenway Mack Slusarchuk
Stewart LLP

HEAD OFFICE:

Suite 2150
736 – 6th Avenue S.W.
Calgary, Alberta T2P 3T7
Phone: 403-984-1750
Fax: 403-984-1749

⁽¹⁾ Reserve Committee
Member

⁽²⁾ Audit Committee Member

⁽³⁾ Compensation Committee
Member

⁽⁴⁾ Corporate Governance
Committee