OPERATIONS AND FINANCIAL SUMMARY

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	**2015**	2014
OPERATING				
Average daily production				
Light oil (bbls/d)	**1,864**	2,695	**2,065**	2,861
Natural gas (mcf/d)	**15,435**	11,417	**14,249**	12,379
NGLs (bbls/d)	**84**	46	**73**	72
Total (boe/d)	**4,521**	4,644	**4,513**	4,996
Average realized sales price				
Light oil ($/bbl)	**63.71**	103.18	**55.55**	99.89
Natural gas ($/mcf)	**2.89**	4.81	**2.89**	5.72
NGLs ($/bbl)	**55.98**	110.86	**54.68**	102.13
Total ($/boe)	**37.18**	72.80	**35.43**	72.85
Undeveloped land (end of period)				
Gross (acres)	**467,751**	308,088	**467,751**	308,088
Net (acres)	**442,905**	292,605	**442,905**	292,605
NETBACK AND COST ($ per boe)				
Petroleum and natural gas revenue	**37.18**	72.81	**35.43**	72.87
Realized gain (loss) on financial instruments	**10.86**	(6.19)	**12.19**	(5.08)
Royalty expenses	**(8.78)**	(23.98)	**(8.63)**	(23.04)
Operating expenses, net of recoveries	**(11.28)**	(7.58)	**(10.83)**	(7.46)
Transportation and marketing expenses	**(2.35)**	(3.66)	**(2.61)**	(3.42)
Operating netback(1)	**25.63**	31.40	**25.55**	33.87
General and administrative expenses, net of recoveries	**(4.57)**	(4.64)	**(4.46)**	(4.04)
Interest and financing expenses	**(3.23)**	(0.26)	**(2.43)**	(0.34)
Interest and other income	**0.02**	-	**0.02**	-
Funds from operations netback(1)	**17.85**	26.50	**18.68**	29.49
FINANCIAL				
Petroleum and natural gas revenue ($000)	**15,297**	30,771	**28,942**	65,883
Funds from operations ($000)(1)	**7,341**	11,197	**15,259**	26,658
Per share – basic ($)(1)	**0.11**	0.16	**0.23**	0.37
Per share – diluted ($)(1)	**0.11**	0.16	**0.23**	0.37
Net loss ($000)	**(26,852)**	(9,044)	**(30,253)**	(8,713)
Per share – basic ($)	**(0.39)**	(0.13)	**(0.45)**	(0.12)
Per share – diluted ($)(2)	**(0.39)**	(0.13)	**(0.45)**	(0.12)
Common shares outstanding				
End of period – basic	**85,089,784**	69,020,407	**85,089,784**	69,020,407
End of period – diluted	**91,564,557**	74,114,181	**91,564,557**	74,114,181
Weighted average for the period – basic	**68,749,889**	70,390,367	**67,024,334**	71,736,477
Weighted average for the period – diluted	**68,750,556**	71,402,527	**67,024,534**	72,870,129
Capital expenditures, net of divestitures ($000)	**28,959**	17,669	**33,860**	19,909
Adjusted working capital (surplus) deficit ($000)(1)	**(1,575)**	17,676	**(1,575)**	17,676
Drawn on credit facilities ($000)	**69,949**	22,311	**69,949**	22,311
Net bank debt ($000) (1)	**68,374**	39,987	**68,374**	39,987
Long-term financial obligations ($000)	**14,984**	-	**14,984**	-
Net debt ($000) (1)	**83,358**	39,987	**83,358**	39,987

(1) Funds from operations, funds from operations per share, funds from operations netback, operating netback, adjusted working capital (surplus) 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 Measures paragraph in the Advisories section of this MD&A.

(2) The basic and diluted weighted average shares outstanding are the same for periods in which the Corporation records a net loss.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Manitok Energy Inc. ("**Manitok**" or the "**Corporation**") is a junior oil and gas exploration, development and production company based in Calgary, Alberta. The Corporation conducts its operations in the Western Canadian Sedimentary Basin and currently all of its activities are in Alberta. Additional information relating to the Corporation, including its Annual Information Form dated April 29, 2015, is available electronically under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com and on the Corporation's website at www.manitokenergy.com. Manitok's common shares are listed for trading on the TSX Venture Exchange ("**TSX-V**") under the symbol "**MEI**".

The following Management's Discussion and Analysis (**"MD&A"**) is dated August 26, 2015. The unaudited condensed interim financial statements in respect of the three and six months ended June 30, 2015 (the **"Reporting Periods"**) as compared to the three and six months ended June 30, 2014 (the **"Comparable Prior Periods"**) and this MD&A has been prepared by management and approved by the Corporation's Audit Committee and Board of Directors. This MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes for the Reporting Periods and the 2014 Annual Report. All financial information is expressed in Canadian dollars, unless otherwise stated.

ADVISORIES

Unaudited Numbers

*All financial amounts referred to in this MD&A and the Corporation's second quarter report for the Reporting Periods and the Comparable Prior Periods ("**Q2 Report**") are management's best estimates and are unaudited.*

Non-GAAP Measures

*This MD&A and the Q2 Report 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 (surplus) deficit", "net bank debt" and "net debt". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("**GAAP**") 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 the MD&A and Q2 Report 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 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 (surplus) 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 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 (surplus) deficit 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 by using the 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 equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

Forward-Looking Information

This MD&A and the Q2 Report contain forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities estimated and that it will be commercially viable to produce in the future. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information. In particular, this MD&A and the Q2 Report contains forward-looking information relating to the Corporation's operational and drilling plans for the remainder of 2015, planned hedging activities and anticipated review of alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities in connection with the credit facility repayment requirements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on its experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

While the Corporation anticipates remaining disciplined with its 2015 capital program, readers are cautioned that the Corporation may make adjustments to its 2015 capital program, depending on business conditions and commodity prices throughout the fiscal year. Actual spending may vary due to a variety of factors, including changes to certain key expectations and assumptions set out below.

By their nature, forward-looking information involves a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to the following: future commodity prices; currency exchange rates; inflation rates; well production rates; well drainage areas; success rates for future drilling; availability of labour and services; interest rates; and future availability of debt and equity financing being at levels and costs that allow the Corporation to manage, operate and finance its business, develop its properties and meet its future obligations. With respect to estimates of reserves, a key assumption is the validity of the data used by Sproule Associates Limited in its independent reserves evaluation. With respect to future wells to be drilled, a key assumption is that geological and other technical interpretations performed by the Corporation's technical staff, which indicate commercially economic reserves can be recovered from the Corporation's land as a result of drilling such future wells, are valid. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intensions or expectations upon which it is based will occur. Although the Corporation believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. As a consequence, actual results may differ materially from those anticipated.

Forward-looking information necessarily involves both known and unknown risks associated with oil and natural gas exploration, production, transportation and marketing such as uncertainty of geological and technical data, imprecision of reserves estimates, 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 estimates and projections relating to production, costs and expenses, health, safety and environmental risks, uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions, loss of market demand, general economic conditions affecting the ability to access sufficient capital,

changes in law and government regulation of the oil and gas industry and competition from others for scarce resources.

The foregoing list of risk factors is not exhaustive. Additional information on these other risk factors that could affect operations or financial results are included in the Corporation's most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities. Forward-looking information is based on estimates and opinions of management at the time the information is presented. The Corporation is not under any duty to update and does not intend or assume any obligation to update the forward-looking information after the date of this MD&A and Q2 Report to conform such information to actual results or to changes in the Corporation's plans or expectations, except as otherwise required by applicable securities laws. All subsequent forward-looking statements, whether written or oral, attributable to the Corporation or persons acting on the Corporation's behalf, are expressly qualified in their entirety by these cautionary statements.

ABBREVIATIONS

Crude Oil and Natural Gas Liquids

bbl	barrel
bbls	barrels
bbls/d	barrels per day
Mbbls	thousand barrels
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent
MMboe	million barrels of oil equivalent
NGLs	natural gas liquids

Natural Gas

mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
Bcf	billion cubic feet
mmbtu	million British thermal units
GJ	Gigajoule
GJ/d	Gigajoules per day

Other

AECO	benchmark natural gas price determined at the AECO "C" hub in southeast Alberta
WTI	West Texas Intermediate crude oil, a benchmark oil price determined at Cushing, Oklahoma
°API	the measure of the density or gravity of liquid petroleum products

GUIDANCE

The Corporation did not drill any wells during the first half of 2015, due to the current low commodity price environment. Based on current forward strip and assuming no recovery in future crude oil prices, Manitok anticipates drilling 3 wells in southeast Alberta to satisfy its 2015 capital commitment with PrairieSky Royalty Ltd. ("**PSK**").

The Corporation is currently reviewing alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities to satisfy the credit facility repayment requirements (see "Major Transactions Affecting Financial Results").

MAJOR TRANSACTIONS AFFECTING FINANCIAL RESULTS

- On May 1, 2015, the Corporation announced revised terms and additional lands to the lease issuance and drilling commitment agreement with PSK ("**PSK LIDCA**"). The major terms include:
  - the acquisition of additional petroleum and natural gas leases covering about 180 net sections (115,200 acres) in the Entice and Wayne areas in southeast Alberta with access to proprietary 2D and 3D seismic data over the entire land base in exchange for a 4% gross overriding royalty with no deductions on its Stolberg lands ("**Stolberg GORR Divestiture**") of approximately 9,920 acres (5,555 net) from both the Cardium and Mannville formations effective as of January 1, 2015;
  - the amendment of the freehold royalty rate in the Entice land to a flat rate of 17.5% retroactive to January 1, 2015, from the current royalty calculation of a minimum of 10% and maximum of 30%, providing a significant improvement in the payout period and the half cycle rate of return on the Corporation's lower Mannville drilling prospects;
  - provisions to allow greater flexibility through capital deferment and reallocation of capital to additional lands in the area;
  - the extension of the primary term of the PSK LIDCA for an additional 16 months from December 31, 2016 to April 30, 2018 with an option to extend for an additional period of four years; and
  - decrease of the annual drilling and completion expenditure commitment; however, by extending the primary term, the remaining aggregate drilling and completion expenditure commitment increases from $72.0 million to $92.0 million.
- On June 12, 2015, the Corporation closed an asset acquisition in the Wayne area of southeast Alberta for total cash consideration of approximately $62.4 million after estimated post-closing adjustments ("**Wayne Acquisition**").
- On June 12, 2015, the Corporation divested of a 5% gross over-riding royalty of revenue with no deductions from the producing wells in the Wayne area ("**Wayne GORR Divestiture**") for total cash consideration of approximately $6.2 million after estimated post-closing adjustments.
- On June 12 2015, Manitok entered into a production volume royalty agreement ("**PVR Divestiture**") with a royalty corporation for approximately $24.4 million after estimated post-closing adjustments. The PVR Divestiture royalty volume remains constant at 140 bbls/d of light crude oil for the first 8 years to May 31, 2023, and is then subject to a 10% decline per year thereafter. The royalty volumes are first allocated from the Corporation's Stolberg area, provided sufficient volumes are produced, and any short fall would be made up from oil production in the Wayne area and the Carseland area, if available. There is an associated capital commitment to spend a minimum of $10.0 million per year in 2016, 2017 and 2018 on drilling, completion, re-completion, workover, equipping and tie-in for production of wells targeting production from the Wayne and/or Carseland areas. This commitment coincides with the PSK LIDCA commitment and is not incremental to that commitment. Additionally, Manitok has committed to drill at least two gross wells per year in 2016, 2017 and 2018 in the Stolberg area.
- On June 12, 2015, Manitok divested its interest in certain oil and gas infrastructure ("**Facility Divestiture**") in the Wayne area for approximately $7.1 million after estimated post-closing adjustments and closed a facilities financing agreement ("**Facility Financing**") in the Wayne area for $12.5 million with a third party

for a total of $19.6 million after estimated post-closing adjustments. The Corporation has entered into an agreement for the exclusive use of the oil and gas infrastructure, which include monthly facility fees over eight years related to the Facility Divestiture. Pursuant to the Facility Financing, the Corporation is required to make monthly payments over 20 years at an effective interest rate of 14.5% over the life of the obligation and the obligation is secured by certain oil batteries in the Wayne area,

- On June 12, and June 17, 2015, Manitok closed two tranches of a non-brokered private placement equity financing for the issuance of 12,587,600 common shares of Manitok ("**Manitok Shares**") at a price of $0.80 per Manitok Share, 917,500 common shares of Manitok 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 $0.85 per Manitok CDE Flow-through Share, and 6,305,077 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 $0.95 per Manitok CEE Flow-through Share for gross proceeds of $16.8 million (net proceeds - $15.8 million).

- In June 2015 Manitok amended its $90.0 million revolving operating demand loan facility with its lender. Upon amendment, the facilities consist of a $45.0 million revolving operating demand loan facility drawn at $34.9 million at June 30, 2015 and a fully drawn $35.0 million non-revolving reducing demand loan facility. The Corporation is required to repay the $35.0 million outstanding amount on the non-revolving reducing demand loan as follows:
  - $5.0 million on or before December 31, 2015;
  - $10.0 million on or before March 31, 2016; and
  - $20.0 million on or before May 31, 2016.

  The condensed interim financial statements have been prepared in accordance with GAAP on a going concern basis, which asserts that the Corporation has the ability to realize its assets and discharge its liabilities and commitments in the normal course of business. The repayment requirements of the non-revolving reducing demand loan facility may be amended or eliminated upon a material increase in future crude oil prices, an increase in proved producing reserves based on the Corporation's drilling program and future renegotiations with its lender. Based on its twelve month funds from operations at current forward strip crude oil and natural gas prices, the Corporation is in the process of identifying and pursuing alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities and is taking steps to manage its spending and leverage including the implementation of cost reduction and capital management initiatives to satisfy the repayment requirements. There is no assurance that the Corporation will be able to access the various financing opportunities in order to repay the non-revolving reducing demand loan facility in accordance with the timing required under the credit facility agreement. Should the Corporation fail to make repayments of the non-revolving reducing demand loan facility in accordance with the requirements of the credit facility agreement and is unable to renegotiate with its lender, outstanding borrowings may become due and payable immediately. These circumstances result in material uncertainty surrounding the Corporation's ability to continue as a going concern and lend additional risk as to the ability of the Corporation to meet its obligations as they come due and, accordingly the appropriateness of the use of accounting principles applicable to a going concern. The Corporation currently continues to meet all of its obligations with respect to ongoing operations.

FUNDS FROM OPERATIONS AND NET LOSS

Funds from Operations

Management uses funds from operations to analyze operating performance. Funds from operations and funds from operations per share are non-GAAP measures defined as cash flow from operating activities from the Statements of Cash Flows before decommissioning expenditures, acquisition-related expenses and changes in non-cash operating working capital. 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 per share is calculated based on the weighted average number of basic and diluted common shares outstanding. Manitok's calculation of funds from operations is considered to be a key measure of the ability to generate the cash necessary to fund capital expenditures and repay indebtedness.

The following schedule sets out the reconciliation of cash flow from operating activities, as determined in accordance with International Financial Reporting Standards ("**IFRS**") to funds from operations for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,		**Six months ended June 30,**	
($000, except per share information)	**2015**	2014	**2015**	2014
Cash flow from operating activities	**9,057**	14,315	**16,685**	32,835
Adjustments:				
Decommissioning expenditures	**56**	-	**80**	16
Acquisition-related expenses	**1,954**	-	**1,954**	-
Changes in non-cash operating working capital	**(3,726)**	(3,118)	**(3,460)**	(6,193)
Funds from operations	**7,341**	11,197	**15,259**	26,658
per share – basic	**0.11**	0.16	**0.23**	0.37
per share – diluted	**0.11**	0.16	**0.23**	0.37

Funds from operations decreased by 34% to $7.3 million ($0.11 per diluted share) for the second quarter of 2015 as compared to $11.2 million ($0.16 per diluted share) in the Comparable Prior Period. For the first half of 2015, funds from operations decreased by 43% to $15.3 million ($0.23 per diluted share) as compared to $26.7 million ($0.37 per diluted share) in the Comparable Prior Period. The decreases are due to a decrease in petroleum and natural gas revenue from lower average production volumes and the sharp decline in commodity prices, and increases in operating and interest expenses, partially offset by increased realized gains on financial instruments and an aggregate decrease to royalty, and transportation and marketing expenses.

Net Loss

The following table details Manitok's net loss for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,		**Six months ended June 30,**	
($000, except per share information)	**2015**	2014	**2015**	2014
Net loss	**(26,852)**	(9,044)	**(30,253)**	(8,713)
per share – basic	**(0.39)**	(0.13)	**(0.45)**	(0.12)
per share – diluted	**(0.39)**	(0.13)	**(0.45)**	(0.12)

The net loss increased to $26.8 million ($0.39 loss per diluted share) and $30.3 million ($0.45 loss per diluted share) for the three and six month Reporting Periods as compared to a net loss of $9.0 million ($0.13 per diluted share) and $8.7 million ($0.12 per diluted share) in the Comparable Prior Periods. The increase in the net loss and net loss per share were due primarily to decreased funds from operations, acquisition-related expenses, increased depletion and depreciation and impairment, a loss on divestiture of assets, partially offset by a larger deferred income tax recovery.

RESULTS OF OPERATIONS

Petroleum and Natural Gas Revenue

The following table details Manitok's petroleum and natural gas ("**P&NG**") revenue, production and average realized sales prices by product for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30, 2015				Three months ended June 30, 2014			
	Total Revenue ($000)	**Average Daily Production**	**%**	**Average ($/unit)**	Total Revenue ($000)	Average Daily Production	%	Average ($/unit)
Light oil (bbls)	**10,808**	**1,864**	**41**	**63.71**	25,302	2,695	58	103.18
Natural gas (mcf)	**4,059**	**15,435**	**57**	**2.89**	4,995	11,417	41	4.81
NGLs (bbls)	**429**	**84**	**2**	**55.98**	470	46	1	110.86
Total P&NG sales (boe)	**15,296**	**4,521**	**100**	**37.18**	30,767	4,644	100	72.80
Royalty revenue	**1**			**-**	4			0.01
Total P&NG revenue (boe)	**15,297**	**4,521**	**100**	**37.18**	30,771	4,644	100	72.81

	Six months ended June 30, 2015				Six months ended June 30, 2014			
	Total Revenue ($000)	**Average Daily Production**	**%**	**Average ($/unit)**	Total Revenue ($000)	Average Daily Production	%	Average ($/unit)
Light oil (bbls)	**20,766**	**2,065**	**46**	**55.55**	51,719	2,861	57	99.89
Natural gas (mcf)	**7,456**	**14,249**	**53**	**2.89**	12,820	12,379	41	5.72
NGLs (bbls)	**719**	**73**	**1**	**54.68**	1,329	72	2	102.13
Total P&NG sales (boe)	**28,941**	**4,513**	**100**	**35.43**	65,868	4,996	100	72.85
Royalty revenue	**1**				15			0.02
Total P&NG revenue (boe)	**28,942**	**4,513**	**100**	**35.43**	65,883	4,996	100	72.87

Total P&NG sales for the second quarter of 2015 decreased 50% to $15.3 million compared to $30.8 million in the Comparable Prior Period. The decrease of $15.5 million consists of $5.8 million attributed to lower production volumes and $9.7 million due to lower realized prices.

Year to date, total P&NG sales decreased 56% to $28.9 million compared to $65.9 million in the Comparable Prior Period. The decrease of $37.0 million consists of $12.5 million attributed to lower production volumes and $24.5 million due to lower realized prices.

Production

Production averaged 4,521 boe/d, and 4,513 boe/d in the three and six month Reporting Periods, as compared to 4,644 boe/d and 4,996 boe/d in the Comparable Prior Periods.

Light oil production decreased to 1,864 bbls/d and 2,065 bbls/d in the three and six month Reporting Periods, as compared to 2,695 bbls/d and 2,861 bbls/d in the Comparable Prior Periods due to no new wells brought on-stream in the first half of 2015, and maximum production rate limitations ("**MRLs**") imposed by the Alberta Energy Regulator along with natural production declines in the Stolberg area, partially offset by production from the Entice area which contributed approximately 320 bbls/d of light oil production in the second quarter of 2015 compared to nil in the Comparable Prior Periods, and the Wayne Acquisition that contributed approximately 175 bbls/d of light oil production in the second quarter of 2015, or 839 bbls/d from June 12, 2015 to June 30, 2015.

Natural gas production increased to 15.4 mmcf/d and 14.2 mmcf/d in the three and six month Reporting Periods, as compared to 11.4 mmcf/d and 12.4 mmcf/d in the Comparable Prior Periods due to an additional high rate gas well being brought on-stream in the Stolberg area in the third quarter of 2014, a natural gas weighted asset acquisition in the Stolberg area in the fourth quarter of 2014, associated gas production from the Entice area and the Wayne Acquisition, partially offset by a February 28, 2014 asset divestiture in the central Alberta foothills region ("**Foothills Asset Divestiture**") which contributed 1.5 mmcf/d in the six month Comparable Prior Period.

Commodity Prices

Manitok sells all of its crude oil on a spot basis and its natural gas production for prices based on the AECO daily spot price and may enter into physical sales contracts. The following table details the average reference price for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	Variance	**2015**	2014	Variance
Benchmark prices						
Light oil – WTI ($US/bbl)	**57.94**	102.99	(44%)	**53.29**	100.84	(47%)
Light oil – WTI ($CAD/bbl)	**71.25**	112.31	(37%)	**65.82**	110.60	(40%)
Light oil – Canadian light sweet ($/bbl)	**68.88**	106.72	(35%)	**61.08**	103.45	(41%)
Natural gas – AECO daily spot ($/mmbtu) (1)	**2.65**	4.69	(43%)	**2.70**	5.20	(48%)
Exchange rate – ($CAD/$US)	**1.2297**	1.0905	13%	**1.2352**	1.0968	13%
Average realized prices						
Light oil ($/bbl)	**63.71**	103.18	(38%)	**55.55**	99.89	(44%)
Natural gas ($/mcf)	**2.89**	4.81	(40%)	**2.89**	5.72	(49%)
NGLs ($/bbl)	**55.98**	110.86	(50%)	**54.68**	102.13	(46%)
Average realized price ($/boe)	**37.18**	72.80	(49%)	**35.43**	72.85	(51%)
Price differentials						
Canadian light sweet/WTI CAD ($/bbl)	**(2.37)**	(5.59)	(58%)	**(4.74)**	(7.15)	(34%)
Realized light oil/Canadian light sweet ($/bbl)	**(5.17)**	(3.54)	46%	**(5.53)**	(3.56)	55%
Realized natural gas/AECO daily spot ($/mcf)	**0.24**	0.12	100%	**0.19**	0.52	(63%)

(1) $1.00/mmbtu = $1.00/mcf based on a standard heat value mcf.

The price the Corporation receives for its P&NG production depends on a number of factors, including the average benchmark prices for crude oil and natural gas, the Canadian/US dollar exchange rate and transportation and product quality differentials.

In the second quarter of 2015, Manitok's average realized commodity price decreased 49% to $37.18/boe from $72.80/boe in the Comparable Prior Period, due to decreased benchmark prices for crude oil, natural gas and NGLs.

In the first half of 2015, Manitok's average realized commodity price decreased 51% to $35.43/boe from $72.85/boe in the Comparable Prior Period, due to decreased benchmark prices for crude oil, natural gas and NGLs.

The following table provides a reconciliation of the AECO daily spot price to the Corporation's realized average natural gas price for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	Variance	**2015**	2014	Variance
Natural gas – AECO daily spot ($/mmbtu) (1)	**2.65**	4.69	(43%)	**2.70**	5.20	(48%)
Heat/quality differential ($/mcf)(2)	**0.24**	0.49	(51%)	**0.19**	0.69	(72%)
Physical sales/AECO daily spot differential ($/mcf)	**-**	(0.37)	-	**-**	(0.17)	-
Realized natural gas ($/mcf)	**2.89**	4.81	(40%)	**2.89**	5.72	(49%)

(1) $1.00/mmbtu = $1.00/mcf based on a standard heat value mcf.

Manitok's petroleum and natural gas sales are impacted by world events that dictate the level of supply and demand for petroleum and natural gas. The Corporation is subject to fluctuations in commodity prices, which is partially mitigated with the use of derivative risk management contracts (see "Financial Instruments").

Financial Instruments

The Corporation has entered into certain commodity price risk management contracts in order to reduce volatility in its financial results and to protect its funds from operations and anticipated capital expenditure program. The Corporation's current strategy is to hedge a portion of its oil and natural gas production, using a combination of financial derivatives and/or physical delivery sales contracts to manage commodity risk.

Financial Derivatives

As at June 30, 2015, the Corporation held the following derivative financial instruments:

Product	Notional Quantity	Term	Reference	Strike Price	Type of Contract	Fair Value ($000)
Oil	1,000 bbls/d	July 1, 2015 to December 31, 2015	CAD$ WTI	$95.00	Swap	3,576
Oil	500 bbls/d	July 1, 2015 to December 31, 2015	CAD$ WTI	$91.00	Swap	1,420
Oil	500 bbls/d	July 1, 2015 to December 31, 2015	CAD$ WTI	$75.00	Swap	(46)
Oil	500 bbls/d	January 1, 2016 to December 31, 2016	CAD$ WTI	$80.15	Swap	442
Oil	500 bbls/d	January 1, 2016 to December 31, 2017	CAD$ WTI	$79.75	Swap	439
Natural gas	1,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.73	Put option(1)	205
Natural gas	5,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.85	Put option(1)	1,132
Natural gas	5,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.85	Put option(1)	1,132
Natural gas	5,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.80	Put option(1)	1,088
Oil	1,000 bbls/d	January 1, 2016 to December 31, 2016	CAD$ WTI	$95.00	Option(2)	(153)
Oil	500 bbls/d	January 1, 2016 to December 31, 2016	CAD$ WTI	$91.00	Option(3)	(148)
Oil	500 bbls/d	January 1, 2017 to December 31, 2017	CAD$ WTI	$80.15	Option(4)	(1,144)
Oil	500 bbls/d	January 1, 2018 to December 31, 2018	CAD$ WTI	$79.75	Option(5)	(1,465)
Oil	500 bbls/d	January 1, 2016 to December 31, 2017	CAD$ WTI	$75.00 -$90.00	Collar(6)	1,169
Oil	500 bbls/d	January 1, 2016 to December 31, 2017	CAD$ WTI	$70.00 -$90.00	Collar(7)	489
Total						**8,136**

(1) Manitok recorded $1.0 million as a deferred premium on financial instruments, which represents the amount payable to the counter-party on these contracts for the deferred put option premium of $0.35/GJ.

(2) The counter-party to this contract holds a one-time option no later than December 31, 2015 to extend a swap on 1,000 bbls/d of oil at CAD$95.00 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.

(3) The counter-party to this contract holds a one-time option no later than December 31, 2015 to extend a swap on 500 bbls/d of oil at CAD$91.00 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.

(4) The counter-party to this contract holds a one-time option no later than December 30, 2016 to extend a swap on 500 bbls/d of oil at CAD$80.15 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.

(5) The counter-party to this contract holds a one-time option no later than December 29, 2017 to extend a swap on 500 bbls/d of oil at CAD$79.75 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.

(6) Manitok recorded $1.6 million as a deferred premium on financial instruments, which represents the amount payable to the counter-party on this contract for the deferred premium of $4.50/bbl.

(7) Manitok recorded $1.2 million as a deferred premium on financial instruments, which represents the amount payable to the counter-party on this contract for the deferred premium of $3.15/bbl.

The following table provides a summary of the realized and unrealized gain (loss) on financial instruments:

	Three months ended June 30,				Six months ended June 30,			
	2015		2014		**2015**		2014	
	$000	**$/boe**	$000	$/boe	**$000**	**$/boe**	$000	$/boe
Realized gain (loss) on financial instruments	**4,466**	**10.86**	(2,618)	(6.19)	**9,954**	**12.19**	(4,594)	(5.08)
Unrealized loss on financial instruments	**(10,328)**	**(25.10)**	(2,036)	(4.82)	**(14,442)**	**(17.68)**	(8,211)	(9.08)

Physical Sales Contracts

In addition to the financial derivative contracts discussed above, the Corporation may enter into physical sales contracts to manage commodity risk. These contracts are considered normal executory contracts and are not recorded at fair value in the financial statements. There are no physical sales contracts outstanding as at June 30, 2015.

Royalty Expenses

Royalties are paid to the Government of Alberta and other land and mineral rights owners. The following table illustrates the Corporation's royalty expenses by product for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30, 2015			Three months ended June 30, 2014		
	($000)	**Effective Royalty Rate[1]**	**Average ($/unit)**	($000)	Effective Royalty Rate[1]	Average ($/unit)
Light oil and NGLs (bbls)	**3,268**	**29.1%**	**18.43**	9,115	35.4%	36.54
Natural Gas (mcf)[2]	**345**	**8.5%**	**0.25**	1,017	20.4%	0.98
Total Royalties (boe)	**3,613**	**23.6%**	**8.78**	10,132	32.9%	23.98

	Six months ended June 30, 2015			Six months ended June 30, 2014		
	($000)	**Effective Royalty Rate[1]**	**Average ($/unit)**	($000)	Effective Royalty Rate[1]	Average ($/unit)
Light oil and NGLs (bbls)	**6,285**	**29.3%**	**16.24**	18,629	35.1%	35.10
Natural Gas (mcf)[2]	**761**	**10.2%**	**0.30**	2,208	17.2%	0.99
Total Royalties (boe)	**7,046**	**24.3%**	**8.63**	20,837	31.6%	23.04

(1) The effective royalty rate is calculated by dividing the royalties into the applicable P&NG sales category and into total sales for the period.
(2) Includes natural gas cost allowance credits received from the government of Alberta.

Royalties for the three and six month Reporting Periods were $3.6 million and $7.0 million, as compared to $10.1 million and $20.8 million for the Comparable Prior Periods. The decrease is due to decreased production volumes and lower effective royalty rates in the Reporting Periods. The lower effective royalty rates are a result of lower Crown royalties associated with the decrease in commodity prices, partially offset by an increase in royalties associated with the Stolberg GORR Divestiture, the Wayne GORR Divestiture and the PVR Divestiture which occurred in the second quarter of 2015 (see "Major Transactions Affecting Results").

Operating Expenses

The following table compares operating expenses for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30, 2015		Three months ended June 30, 2014		Variance	
	$000	**$/boe**	$000	$/boe	$	$/boe
Field operating expenses	**4,951**	**12.04**	3,593	8.50	38%	42%
Recoveries	**(311)**	**(0.76)**	(437)	(1.03)	(29%)	(26%)
Field operating expenses, net	**4,640**	**11.28**	3,156	7.47	47%	51%
Expensed workovers and other	**-**	**-**	47	0.11	-	-
Total operating expenses	**4,640**	**11.28**	3,203	7.58	45%	49%

	Six months ended June 30, 2015		Six months ended June 30, 2014		Variance	
	$000	**$/boe**	$000	$/boe	$	$/boe
Field operating expenses	**9,565**	**11.71**	7,493	8.29	28%	41%
Recoveries	**(718)**	**(0.88)**	(807)	(0.89)	(11%)	(1%)
Field operating expenses, net	**8,847**	**10.83**	6,686	7.40	32%	46%
Expensed workovers and other	**-**	**-**	56	0.06	-	-
Total operating expenses	**8,847**	**10.83**	6,742	7.46	31%	45%

Operating expenses for the three and six month Reporting Periods were $4.6 million and $8.8 million, as compared to $3.2 million and $6.7 million for the Comparable Prior Periods. On a per boe basis, operating expenses increased to $11.28/boe and $10.83/boe as compared to $7.58/boe and $7.46/boe in the Comparable Prior Periods. The increases are attributable to higher operating costs in the Stolberg area due to lower average daily production, new production in the Entice area that had higher operating expenses than the corporate average in the Comparable

Prior Periods and the facility fees associated with the December 2014 oil and gas infrastructure divestiture which represented $1.11/boe in the first half of 2015.

Transportation and Marketing Expenses

The following table illustrates the Corporation's transportation and marketing (**"T&M"**) expenses for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,			**Six months ended June 30,**		
	2015	2014	Variance	**2015**	2014	Variance
Total T&M expenses ($000)	**967**	1,548	(38%)	**2,130**	3,094	(31%)
Total T&M expenses ($/boe)	**2.35**	3.66	(36%)	**2.61**	3.42	(24%)

Total T&M expenses for the three and six month Reporting Periods were $1.0 million and $2.1 million, as compared to $1.5 million and $3.1 million for the Comparable Prior Periods. On a per boe basis, T&M expenses decreased to $2.35/boe and $2.61/boe as compared to $3.66/boe and $3.42/boe in the Comparable Prior Periods. The decreases are a result of cost reductions in oil hauling in the Stolberg area as well as a lower percentage of crude oil production relative to natural gas. Natural gas transportation costs are lower on a per boe basis than crude oil transportation costs, and natural gas volumes represented 57% and 53% of total production volumes in the Reporting Periods, as compared to 41% in both the Comparable Prior Periods.

Operating Netback

The following table compares operating netbacks for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,			**Six months ended June 30,**		
($/boe)	**2015**	2014	Variance	**2015**	2014	Variance
Realized P&NG revenue price	**37.18**	72.81	(49%)	**35.43**	72.87	(51%)
Royalty expenses	**(8.78)**	(23.98)	(63%)	**(8.63)**	(23.04)	(63%)
Operating expenses, net of recoveries	**(11.28)**	(7.58)	49%	**(10.83)**	(7.46)	45%
Transportation and marketing expenses	**(2.35)**	(3.66)	(36%)	**(2.61)**	(3.42)	(24%)
Operating netback before realized gain (loss) on financial instruments	**14.77**	37.59	(61%)	**13.36**	38.95	(66%)
Realized gain (loss) on financial instruments	**10.86**	(6.19)	-	**12.19**	(5.08)	-
Operating netback	**25.63**	31.40	(18%)	**25.55**	33.87	(25%)

Manitok's operating netback was $25.63/boe in the second quarter of 2015, which is 18% lower than $31.40/boe in the Comparable Prior Period. In the first half of 2015, the operating netback decreased 25% to $25.55/boe as compared to $33.87/boe in the Comparable Prior Period. The decreases were due to lower realized P&NG prices and higher operating expenses, partially offset by the realized gain on financial instruments, lower royalties and lower transportation and marketing expenses.

Administrative Expenses

The components of administrative expenses for the Reporting Periods and the Comparable Prior Periods are as follows:

	Three months ended June 30, 2015		Three months ended June 30, 2014		Variance
	$000	**%**	$000	%	$
Cash:					
Salaries and benefits[(1)]	**1,600**	**55**	1,819	66	(12%)
Other[(2)]	**1,298**	**45**	955	34	36%
	2,898	**100**	2,774	100	4%
Operating overhead recoveries	**(72)**	**(2)**	(200)	(7)	(64%)
Capitalized overhead recoveries[(3)]	**(946)**	**(33)**	(612)	(22)	55%
General and administrative expenses, net	**1,880**	**65**	1,962	71	(4%)
General and administrative expenses, net per boe	**4.57**		4.64		(2%)
Non-cash:					
Stock-based compensation	**358**	**100**	221	100	62%
Capitalized stock-based compensation[(3)]	**(184)**	**(51)**	(76)	(34)	142%
Stock-based compensation, net	**174**	**49**	145	66	20%
Stock-based compensation, net per boe	**0.42**		0.34		24%
Total administrative expenses, net	**2,054**	**63**	2,107	70	(3%)
Total administrative expenses, net per boe	**4.99**		4.98		-

	Six months ended June 30, 2015		Six months ended June 30, 2014		Variance
	$000	**%**	$000	%	$
Cash:					
Salaries and benefits[(1)]	**3,201**	**58**	3,466	65	(8%)
Other[(2)]	**2,327**	**42**	1,890	35	23%
	5,528	**100**	5,356	100	3%
Operating overhead recoveries	**(178)**	**(3)**	(380)	(7)	(53%)
Capitalized overhead recoveries[(3)]	**(1,709)**	**(31)**	(1,323)	(25)	29%
General and administrative expenses, net	**3,641**	**66**	3,653	68	-
General and administrative expenses, net per boe	**4.46**		4.04		10%
Non-cash:					
Stock-based compensation	**774**	**100**	373	100	108%
Capitalized stock-based compensation[(3)]	**(381)**	**(49)**	(136)	(36)	180%
Stock-based compensation, net	**393**	**51**	237	64	66%
Stock-based compensation, net per boe	**0.48**		0.26		85%
Total administrative expenses, net	**4,034**	**64**	3,890	68	4%
Total administrative expenses, net per boe	**4.94**		4.30		15%

(1) Includes salaries and benefits paid to all Officers, Directors, employees and consultants of the Corporation.
(2) Includes costs such as rent, professional fees, insurance, computer software licenses and other business expenses incurred by the Corporation.
(3) Represents a portion of salaries, benefits, software and stock-based compensation that are directly attributable to the exploration and development activities of the Corporation.

General and administrative (cash)

Net General and Administrative ("**G&A**") expenses decreased 4% on an aggregate basis to $1.9 million in the second quarter of 2015 as compared to $2.0 million in the Comparable Prior Period. In the first half of 2015, aggregate G&A expenses are consistent with the Comparable Prior Period.

Stock-based compensation (non-cash)

Stock-based compensation increased in the three and six month Reporting Periods to $0.2 million and $0.4 million as compared to $0.1 million and $0.2 million in the Comparable Prior Periods. The increase is related to fewer forfeitures of unvested stock options compared to the Comparable Prior Periods.

A summary of the Corporation's outstanding stock options is presented below:

	Number	Weighted Average Exercise Price ($)
Outstanding, December 31, 2013	**5,607,440**	**1.98**
Granted	2,601,500	2.09
Exercised	(1,279,167)	(1.46)
Forfeited	(1,621,167)	(2.61)
Outstanding, December 31, 2014	**5,308,606**	**1.97**
Granted	1,200,000	0.81
Forfeited	(33,833)	(2.48)
Outstanding, June 30, 2015	**6,474,773**	**1.75**

Each stock option entitles the holder to purchase one common share of Manitok ("**Manitok Share**") upon payment of the exercise price.

Depletion and Depreciation Expense

The following table compares depletion and depreciation expenses ("**D&D**") for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	Variance	**2015**	2014	Variance
Depletion and depreciation ($000)	**8,619**	6,493	33%	**16,575**	12,885	29%
Depletion and depreciation ($/boe)	**20.95**	15.36	36%	**20.29**	14.25	42%

D&D expense is a function of the estimated proved plus probable reserve additions, the finding and development costs attributable to those reserves, the associated future development capital required to recover those reserves and production in the period. The Corporation determines its D&D expenses on an area basis.

D&D expenses increased in the second quarter of 2015 to $8.6 million ($20.95/boe) as compared to $6.5 million ($15.36/boe) for the Comparable Prior Period. For the first half of 2015, D&D expenses increased to $16.6 million ($20.29/boe) as compared to $12.9 million ($14.25/boe) for the Comparable Prior Period. The increases are due mainly to negative technical revisions of proved plus probable reserves as at December 31, 2014 in the Stolberg area.

Asset Impairment Assessment

The Corporation reviews its exploration and evaluation assets and petroleum and natural gas assets for impairment in accordance with International Accounting Standards ("**IAS**") 36 under IFRS. Manitok's assets are grouped into cash generating units ("**CGUs**") for the purpose of determining impairment. A CGU represents the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. In determining the Corporation's CGUs, the Corporation took into consideration all available information including, but not limited to, the geographical proximity, geological similarities (i.e. reservoir characteristic, production profiles), degree of shared infrastructure, independent versus interdependent cash flows, operating structure, regulatory environment, management decision-making and overall business strategy.

Manitok reviews CGUs at each reporting date for both internal and external indicators of potential impairment. Potential CGU impairment indicators include, but are not limited to, changes to Manitok's business plan; deterioration in commodity prices; negative changes in technological, economic, legal, capital or operating environment; adverse changes to the physical condition of a CGU; current expectation that a material CGU (or a significant component thereof), is more likely than not to be sold or otherwise disposed of before the end of its previously estimated useful life; non-compliance of financial debt covenants; deterioration in the financial and operational performance of a CGU; net assets exceeding market capitalization; and significant downward revisions

of estimated recoverable proved plus probable reserves of a CGU. If impairment indicators exist, an impairment test is performed by comparing a CGU's carrying value to its recoverable amount.

The Corporation performed an impairment assessment of its exploration and evaluation assets and petroleum and natural gas assets on a CGU basis and determined there were impairment indicators relating to the loss on the PVR Divestiture and the Stolberg GORR Divestiture, along with the general decline in forecasted crude oil and natural gas prices. As a result, the Corporation tested certain CGUs for impairment. Fair value less costs to sell were based on the net present value of the before tax cash flow from proved plus probable oil and natural gas reserves internally estimated using discount rates of 10% to 20%. In determining the appropriate discount rate, the Corporation referenced recent market transactions completed on assets similar to those in the CGUs.

The impairment test on petroleum and natural gas assets determined that the net book value exceeded the recoverable amount and Manitok recognized a $15.7 million impairment charge in the second quarter of 2015 (June 30, 2014 - $NIL).

It was determined that the net book value of certain E&E assets exceeded the recoverable amount and Manitok recognized a $2.2 million impairment charge in the three months ended June 30, 2015, related to land expiries. In the second quarter of 2014, the Corporation recorded impairment of $13.6 million to its E&E assets related to exploration activities in the Quirk Creek area of Alberta.

As the recoverable amount of the CGUs are sensitive to a decrease in commodity prices, further impairment charges could be recorded in future periods. Alternatively, an improvement of commodity prices could reverse any impairment charges recorded to date, less applicable depletion and depreciation charges.

(Gain) Loss on Divestiture of Assets

In June 2015, the Corporation entered into an asset swap arrangement, which Manitok completed the Stolberg GORR Divestiture in exchange for revised terms and additional undeveloped lands to the PSK LIDCA. The estimated fair market value was determined to be $7.1 million and was based on the fair value of the Stolberg GORR sold. Manitok recorded a loss of $0.8 million ($0.6 million, net of tax) on the asset divestiture for the three and six month periods ended June 30, 2015.

In June 2015, Manitok closed the PVR Divestiture for approximately $24.4 million after estimated post-closing adjustments. Manitok recorded a loss of $2.8 million ($2.0 million, net of tax) on the asset divestiture for the three and six month periods ended June 30, 2015.

In June 2015, the Corporation divested the Wayne GORR Divestiture for total cash consideration of approximately $6.2 million after estimated post-closing adjustments. The Corporation did not record a gain or loss on the divesture as the carrying value approximated the proceeds received.

In June 2015, Manitok closed the Facility Divestiture agreement for approximately $7.1 million after estimated post-closing adjustments. The Corporation did not record a gain or loss on the divesture as the carrying value approximated the proceeds received.

In the second quarter of 2014, the Corporation divested of minor non-producing properties for total cash consideration of $0.9 million. The Corporation recorded a net gain of $0.4 million ($0.3 million, net of tax) on the divestiture during the three and six months ended June 30, 2014.

In the first half of 2014, Manitok completed the Foothills Asset Divestiture for total cash consideration of approximately $22.0 million after post-closing adjustments. Manitok recorded a loss of approximately $1.2 million ($0.9 million, net of tax), as a result of the disposition.

Finance Expenses

The components of the Corporation's finance expenses for the Reporting Periods and Comparable Prior Periods are as follows:

	Three months ended June 30, 2015		Three months ended June 30, 2014	
	$000	**$/boe**	$000	$/boe
Cash:				
Interest and fees on credit facilities	**1,329**	**3.23**	111	0.26
Acquisition-related expenses[1]	**1,954**	**4.75**	-	-
	3,283	**7.98**	111	0.26
Non-cash:				
Accretion on decommissioning obligations	**82**	**0.20**	32	0.08
Total finance expenses	**3,365**	**8.18**	143	0.34

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	$000	**$/boe**	$000	$/boe
Cash:				
Interest and fees on credit facilities	**1,987**	**2.43**	308	0.34
Acquisition-related expenses[1]	**1,954**	**2.39**	-	-
	3,941	**4.82**	308	0.34
Non-cash:				
Accretion on decommissioning obligations	**128**	**0.16**	100	0.11
Total finance expenses	**4,069**	**4.98**	408	0.45

(1) Acquisition-related expenses are associated with the Wayne Acquisition. See "Major Transactions Affecting Financial Results."

The aggregate cash finance expenses in the three and six month Reporting Periods included increased interest charges from higher average outstanding bank indebtedness and higher interest rates as compared to the Comparable Prior Periods, increased credit facility commitment fees and interest on the long-term financial obligations.

The Corporation's average outstanding bank indebtedness was approximately $45.3 million and $34.7 in the three and six month Reporting Periods as compared to $8.1 million and $12.8 million in the Comparable Prior Periods, calculated as the simple average of the daily amounts. The effective interest rate applicable to the credit facilities was 3.7% in both the three and six month Reporting Periods as compared to 3.5% in both the Comparable Prior Periods.

The acquisition-related expenses are associated with closing the Wayne Acquisition in the second quarter of 2015.

The accretion on decommissioning obligations in the three and six month Reporting Periods increased from the Comparable Prior Periods due to a significant increase in the decommissioning obligation associated with the acquired wells from the Wayne Acquisition.

Income Taxes

The following table compares deferred income taxes for the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,		**Six months ended June 30,**	
	2015	2014	**2015**	2014
Deferred income tax recovery ($000)	**(8,504)**	(1,852)	**(9,520)**	(498)
Deferred income tax recovery ($/boe)	**(20.67)**	(4.38)	**(11.66)**	(0.55)

The increase in deferred income tax recovery to $8.5 million and $9.5 million for the three and six month Reporting Periods from $1.9 million and $0.5 million in the Comparable Prior Periods was due to the increase in net loss before taxes, partially offset by an increase to the deferred tax expense of approximately $1.0 million related to the Alberta corporate tax rate increase from 10% to 12% legislated by Alberta's new NDP government.

CAPITAL EXPENDITURES AND CAPITAL RESOURCES

Capital Expenditures

The following table sets forth a summary of the Corporation's capital expenditures incurred during the Reporting Periods and the Comparable Prior Periods:

	Three months ended June 30,		Six months ended June 30,	
($000)	**2015**	2014	**2015**	2014
Land	**361**	(55)	**689**	125
Geologic and geophysical	**139**	336	**282**	1,065
Workovers and recompletions	**4**	804	**78**	1,038
Drilling and completions	**566**	14,826	**1,920**	34,665
Well equipment and facilities	**1,171**	2,008	**3,252**	4,456
Capitalized overhead(1)	**946**	612	**1,709**	1,323
Total finding and development costs (F&D)	**3,187**	18,531	**7,930**	42,672
Acquisitions(2)	**62,846**	-	**62,846**	-
Divestitures(3)	**(37,081)**	(1,006)	**(37,081)**	(22,938)
Total finding, development and acquisition costs (FD&A)	**28,952**	17,525	**33,695**	19,734
Administrative and other assets	**7**	144	**165**	175
Total capital expenditures(4)	**28,959**	17,669	**33,860**	19,909

(1) Represents a portion of salaries and benefits that are directly attributable to the exploration and development activities of the Corporation that have been capitalized.
(2) Includes the Wayne Acquisition and a minor acquisition for $0.3 million.
(3) Includes the Wayne GORR Divestiture, the Facility Divestiture and the PVR Divestiture.
(4) Excludes non-cash items such as capitalized stock-based compensation, asset swap transactions and decommissioning obligations.

In the first half of 2015, the Corporation completed 1 gross (1.0 net) well in the Entice area and incurred lease construction costs for future wells. The equipping and facilities capital spent relates to facilities construction and tie-in costs in both the Entice and Stolberg areas.

Capital expenditures in the Reporting Periods and Comparable Prior Periods were allocated as follows:

	Three months ended June 30,		Six months ended June 30,	
($000)	**2015**	2014	**2015**	2014
Exploration and evaluation	**6,429**	6,805	**7,185**	16,538
Petroleum and natural gas properties and equipment, net	**22,530**	10,864	**26,675**	3,371
Total capital expenditures(1)	**28,959**	17,669	**33,860**	19,909

(1) Excludes non-cash items such as capitalized stock-based compensation, asset swap transactions and decommissioning obligations.

Capital Resources and Liquidity

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

	Three months ended June 30,		Six months ended June 30,	
($000)	**2015**	2014	**2015**	2014
Funds from operations	**7,341**	11,197	**15,259**	26,658
Changes in non-cash operating working capital	**3,726**	3,118	**3,460**	6,193
Decommissioning expenditures	**(56)**	-	**(80)**	(16)
Acquisition-related expenses	**(1,954)**	-	**(1,954)**	-
Increase (decrease) in credit facilities	**(5,430)**	15,626	**16,691**	6,074
Increase in long-term financial obligations	**12,490**	-	**12,484**	-
Proceeds from share issuance	**16,840**	-	**16,840**	
Share issue costs	**(1,010)**	-	**(1,010)**	
Proceeds from the exercise of stock options	**-**	871	**-**	1,580
Repurchase of common shares	**-**	(7,754)	**-**	(15,786)
Changes in non-cash investing working capital	**(2,988)**	(5,389)	**(27,830)**	(4,794)
Total capital resources	**28,959**	17,669	**33,860**	19,909
Exploration and evaluation asset expenditures	**(1,456)**	(6,805)	**(2,212)**	(16,538)
Petroleum and natural gas properties and equipment expenditures	**(1,738)**	(11,870)	**(5,883)**	(26,309)
Acquisitions	**(62,846)**	-	**(62,846)**	-
Divestitures	**37,081**	1,006	**37,081**	22,938
Net increase (decrease) in cash	**-**	-	**-**	-

Working Capital

The following schedule sets out the reconciliation of working capital in accordance with IFRS to adjusted working capital:

As at, ($000)	**June 30, 2015**	December 31, 2014
Working capital deficit	**60,864**	57,289
Current portion of the credit facilities	**(69,949)**	(53,258)
Current portion of the deferred premium on financial instruments	**(1,714)**	(2,019)
Current portion of the fair value of financial instruments - assets	**9,224**	20,783
Adjusted working capital (surplus) deficit	**(1,575)**	22,795

The Corporation's adjusted working capital changed from a deficit of $22.8 million at December 31, 2014 to a surplus of $1.6 million as at June 30, 2015 as a result of the significant decrease in capital expenditures in the first half of 2015 compared to the fourth quarter of 2014.

At June 30, 2015, the major component of Manitok's current assets, excluding the fair value of financial instruments, was revenue (43%) to be received from its marketers in respect of June 2015 production and accounts receivable from joint venture partners (33%) related to joint capital and operating activities in which Manitok is the operator. Manitok routinely assesses the financial strength of its marketers and joint venture partners, and at this time, Manitok expects that such counterparties will be able to meet their financial obligations. Current liabilities excluding the amount drawn on the credit facilities, fair value of financial instruments, and the deferred premium on financial instruments largely consist of trade and joint venture payables (42%) and accrued liabilities (47%) related to the Corporation's operations.

The Corporation manages its working capital using a combination of its funds from operations and advances under its credit facilities and if applicable funds from debt and equity issuances and asset divestitures. If applicable, Manitok will invest any excess cash in a short-term interest bearing account with its lender.

Bank Indebtedness

In June 2015 Manitok amended its $90.0 million revolving operating demand loan facility with its lender. Upon amendment, the facilities consist of a $45.0 million revolving operating demand loan facility drawn at $34.9 million at June 30, 2015 and a fully drawn $35.0 million non-revolving reducing demand loan facility. The Corporation is required to repay the $35.0 million outstanding amount on the non-revolving reducing demand loan as follows:

- $5.0 million on or before December 31, 2015;
- $10.0 million on or before March 31, 2016; and
- $20.0 million on or before May 31, 2016.

The interest rates applicable on the non-revolving reducing demand loan facility are based on the same pricing margin as the revolving operating demand loan facility plus:

- an additional 2.0% from July 1, 2015 to August 31, 2015;
- an additional 3.0% from September 1, 2015 to November 30, 2015;
- an additional 4.0% from December 1, 2015 to February 29, 2016; and
- an additional 5.0% from March 1, 2016 to May 31, 2016.

The Corporation's credit facilities are subject to a review of the borrowing base limit by the lender at any time in its sole discretion, and at least annually, which is directly impacted by the value of Manitok's petroleum and natural gas reserves.

The amount outstanding on the Corporation's credit facilities were $69.9 million as at June 30, 2015, with an aggregate limit on the revolving operating demand loan facility and the non-revolving reducing demand loan facility of $80.0 million as compared to $53.3 million outstanding as at December 31, 2014, with an aggregate limit of $90.0 million.

Management recognizes the difficulties of operating in the current commodity price environment and has taken steps to manage spending and leverage. The Corporation plans to remedy its loan repayment requirements through issuing new Manitok Shares or debt, obtaining other third party funding alternatives, or asset divestiture opportunities. Additionally, cost reduction and capital management initiatives have been implemented and as such the Corporation has been able to maintain positive funds from operations. The Corporation continually monitors its capital structure and capital program in response to changes in business conditions including changes in economic condition, forecasted commodity prices and resulting cash flows, debt levels and the risk and timing of capital investments.

The condensed interim financial statements have been prepared in accordance with IFRS on a going concern basis, which asserts that the Corporation has the ability to realize its assets and discharge its liabilities and commitments in the normal course of business. The repayment requirements of the non-revolving reducing demand loan facility may be amended or eliminated upon a material increase in future crude oil prices, an increase in proved producing reserves based on the Corporation's drilling program and future renegotiations with its lender. Based on its twelve month funds from operations at current forward strip crude oil and natural gas prices, the Corporation is in the process of identifying and pursuing alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities and is taking steps to manage its spending and leverage including the implementation of cost reduction and capital management initiatives to satisfy the repayment requirements. There is no assurance that the Corporation will be able to access the various financing opportunities in order to repay the non-revolving reducing demand loan facility in accordance with the timing required under the credit facility agreement. Should the Corporation fail to make repayments of the non-revolving reducing demand loan facility in accordance with the requirements of the credit facility agreement and is unable to renegotiate with its lender, outstanding borrowings may become due and payable immediately. These circumstances result in material uncertainty surrounding the Corporation's ability to continue as a going concern and lend additional risk as to the ability of the Corporation to meet its obligations as they come due and, accordingly the appropriateness of the use of accounting principles applicable to a going concern.

The Corporation currently continues to meet all of its obligations with respect to ongoing operations. The condensed interim financial statements do not reflect the adjustments to the carrying amounts of the Corporation's assets, liabilities, revenues, expenses and balance sheet classifications that would be necessary if the going concern assumption is not appropriate. Such adjustments could be material.

The following table indicates the Corporation's total available credit:

As at	June 30, 2015	December 31, 2014
Maximum borrowing base limit		
Revolving operating demand loan facility[1]	**45,000**	90,000
Non-revolving reducing demand loan facility[1]	**35,000**	-
Acquisition and development demand loan facility[2]	**-**	15,000
Long-term financial obligations (note 10)	**14,984**	2,500
	94,984	107,500
Principle amount utilized		
Drawn revolving operating demand loan facility	**(34,949)**	(53,258)
Drawn acquisition and development demand loan facility	**(35,000)**	-
Long-term financial obligations (note 10)	**(14,984)**	(2,500)
Outstanding letters of credit	**(200)**	-
	(85,133)	(55,758)
Undrawn credit facilities	**9,851**	51,742

(1) The Corporation's lender requires quarterly compliance that the working capital ratio (current assets excluding the fair value of financial instruments plus any undrawn portion of the revolving operating demand loan facility divided by current liabilities excluding any current portion of an amount drawn on the credit facilities, the fair value of financial instruments and the deferred premium on financial instruments) is not less than 1:1. As at June 30, 2015, the Corporation's working capital ratio was 2.1:1.

(2) The acquisition and development demand loan facility was restricted and subject to approval by the Corporation's lender, when utilized to assist in the acquisition of producing petroleum and natural gas reserves and/or development of proved non-producing/undeveloped petroleum and natural gas reserves. This facility was canceled in 2015.

Contractual Obligations

The Corporation enters into contractual obligations in the course of conducting its day-to-day business. The following table identifies Manitok's material contractual obligations at June 30, 2015:

($000)	2015	2016	2017 - 2019	Thereafter
Accounts payable and accrued liabilities	10,021	-	-	-
Drawn on credit facilities	69,949	-	-	-
Long-term financial obligations[1]	1,118	2,235	6,705	36,604
Deferred premium on financial instruments[2]	1,714	2,100	-	-
Minimum drilling and completion expenditures[3]	14,324	26,250	50,000	-
Firm transportation agreement[4]	331	603	764	-
Facility fees[5]	1,468	2,937	8,811	9,317
Office leases[6]	1,255	2,514	1,484	-
Total estimated contractual obligations[7]	**100,180**	**36,639**	**67,764**	**45,921**

(1) In conjunction with the fourth quarter of 2014 facilities financing agreement and the second quarter of 2015 Facility Financing, Manitok is committed to pay monthly facility fees of $186,250 to June 2036, including interest payments.

(2) Manitok is committed to pay a deferred premium on certain financial instruments. See "Financial Instruments" section.

(3) Pursuant to the revised PSK LIDCA, Manitok has agreed to an annual work program including minimum annual drilling and completion expenditures until April 30, 2018. Based on current oil prices as of August 26, 2015, Manitok would be allowed to defer $10.5 million of the 2015 minimum drilling and completion expenditures to 2016 through to 2018 in accordance with the revised PSK LIDCA agreement, resulting in a $3.8 million remaining commitment for 2015.

(4) The Corporation is committed to transport natural gas from a gas processing facility in the Ricinus area to the NOVA pipeline system.

(5) In conjunction with the fourth quarter of 2014 oil and gas infrastructure divestiture and the second quarter of 2015 Facility Divestiture, the Corporation is required to pay monthly facility fees of $244,740 until June 2023.

(6) Manitok is committed to operating leases relating to new office premises expiring on November 30, 2017 and its old office premises which expires on February 28, 2017. The Corporation has subleased approximately 70% of its old premises to arm's length parties, effective from November 1, 2014 for the remainder of the lease term and is currently attempting to sublease the remaining available office space. The recovery of rental costs from the subleases are not included in the table.

(7) Contractual commitments that are routine in nature and form part of the normal course of operations for Manitok are not included in the above table. The Corporation's decommissioning obligations are excluded from the table as these obligations arise from a regulatory requirement rather than from a contractual arrangement. Manitok estimates the total undiscounted cash flow to settle its decommissioning obligations at June 30, 2015 to be approximately $36.9 million and will be incurred as follows: 2015 - $1.8 million, 2016 - $0.3 million, 2017 to 2019 - $1.4 million and $33.4 million thereafter. The estimate for undiscounted decommissioning obligations requires significant assumptions on both the abandonment cost and timing of the decommissioning and therefore the actual obligation may differ materially.

OFF-BALANCE SHEET TRANSACTIONS

Manitok was not involved in any off-balance sheet transactions that would result in a material change to its financial position, performance or funds from operations during the Reporting Periods and Comparable Prior Periods.

OUTSTANDING SHARE DATA

At June 30, 2015, the Manitok Shares are the only class of shares issued and outstanding. Manitok Shares began trading on the TSX-V on July 29, 2010 under the symbol "**MEI**". The following table summarizes the Manitok Shares issued and outstanding:

	Manitok Shares
Outstanding, December 31, 2013	**74,492,340**
Issue of Manitok Shares upon exercise of options	1,279,167
Repurchase of Manitok Shares	(10,491,900)
Outstanding, December 31, 2014	**65,279,607**
Issue of Manitok Shares in June 2015[1]	19,810,177
Outstanding, June 30, 2015	**85,089,784**

(1) On June 12, 2015 and June 17, 2015, Manitok closed two tranches of a non-brokered private placement equity financing for the issuance of 12,587,600 Manitok Shares at a price of $0.80 per Manitok Share, 917,500 Manitok CDE Flow-through Shares at a price of $0.85 per Manitok CDE Flow-through Share, and 6,305,077 Manitok CEE Flow-through Shares at a price of $0.95 per Manitok CEE Flow-through Share for gross proceeds of $16.8 million (net proceeds - $15.8 million).

At August 26, 2015, there were 85,089,784 Manitok Shares outstanding and 5,655,766 stock options to purchase an equivalent number of Manitok Shares.

SUMMARY OF QUARTERLY INFORMATION

	2015		2014				2013	
Quarters Ended	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
OPERATING								
Average daily production								
Light oil (bbls/d)	**1,864**	2,269	2,257	2,066	2,695	3,028	2,755	1,781
Natural gas (mcf/d)	**15,435**	13,049	10,713	10,931	11,417	13,352	12,868	11,735
NGLs (bbls/d)	**84**	61	30	74	46	98	89	82
Total (boe/d)	**4,521**	4,504	4,072	3,962	4,644	5,351	4,989	3,819
Average realized sales price (CAD$)								
Light oil ($/bbl)	**63.71**	48.77	71.96	95.17	103.18	96.92	82.30	101.86
Natural gas ($/mcf)	**2.89**	2.89	3.83	4.25	4.81	6.51	4.03	2.73
NGLs ($/bbl)	**55.98**	52.85	67.29	98.93	110.86	97.92	76.48	77.70
Total ($/boe)	**37.18**	33.66	50.45	63.20	72.80	72.88	57.21	57.55
OPERATING NETBACK ($ per boe)[1]								
Petroleum and natural gas revenue	**37.18**	33.66	50.45	63.20	72.81	72.90	57.22	57.58
Realized gain (loss) on financial instruments	**10.86**	13.54	6.67	(4.69)	(6.19)	(4.10)	(0.48)	(4.59)
Royalty expenses	**(8.78)**	(8.47)	(11.61)	(19.64)	(23.98)	(22.23)	(10.18)	(16.55)
Operating expenses, net	**(11.28)**	(10.38)	(7.65)	(6.73)	(7.58)	(7.35)	(8.83)	(5.90)
Transportation and marketing expenses	**(2.35)**	(2.87)	(3.17)	(3.47)	(3.66)	(3.21)	(3.10)	(2.56)
Operating netback[1]	**25.63**	25.48	34.69	28.67	31.40	36.01	34.63	27.98
FINANCIAL								
Petroleum and natural gas revenue ($000)	**15,297**	13,645	18,902	23,037	30,771	35,112	26,260	20,228
Royalty expenses ($000)	**(3,613)**	(3,433)	(4,349)	(7,157)	(10,132)	(10,705)	(4,670)	(5,814)
Realized gain (loss) on financial instruments ($000)	**4,466**	5,488	2,499	(1,709)	(2,618)	(1,976)	(220)	(1,614)
Unrealized gain (loss) on financial instruments ($000)	**(10,328)**	(4,114)	27,577	8,394	(2,036)	(6,175)	(3,591)	(2,063)
Interest and other revenue ($000)	**7**	7	6	22	-	3	13	34
Total revenue, net ($000)	**5,829**	11,593	44,635	22,587	15,985	16,259	17,792	10,771
Funds from operations ($000)[1]	**7,341**	7,918	10,766	8,556	11,197	15,461	14,117	8,252
Per share - basic ($)[1]	**0.11**	0.12	0.16	0.13	0.16	0.21	0.19	0.12
Per share - diluted ($)[1]	**0.11**	0.12	0.16	0.12	0.16	0.21	0.19	0.12
Net income (loss) ($000)	**(26,852)**	(3,401)	(2,774)	7,900	(9,044)	331	(1,417)	336
Per share - basic ($)	**(0.39)**	(0.05)	(0.04)	0.12	(0.13)	-	(0.02)	-
Per share - diluted ($)[2]	**(0.39)**	(0.05)	(0.04)	0.11	(0.13)	-	(0.02)	-
Capital expenditures, net ($000)	**28,959**	4,901	26,949	22,832	17,669	2,240	44,236	17,499
Book value of total assets ($000)	**199,995**	196,945	211,284	197,362	178,300	185,390	192,580	150,129
Adjusted working capital (surplus) deficit ($000)[1]	**(1,575)**	(2,313)	22,795	11,067	17,676	19,947	16,277	16,855
Drawn on credit facilities ($000)	**69,949**	75,379	53,258	48,098	22,311	6,685	16,237	4,565
Net bank debt ($000)[1]	**68,374**	73,066	76,053	59,165	39,987	26,632	32,514	21,420
Long-term financial obligations ($000)	**14,984**	2,494	2,500	-	-	-	-	-
Net debt ($000)[1]	**83,358**	75,560	78,553	59,165	39,987	26,632	32,514	21,420
Shareholders' equity ($000)	**69,965**	81,348	84,333	89,714	86,550	102,256	109,096	94,076
Common shares outstanding								
End of period - basic	**85,089,784**	65,279,607	65,279,607	66,996,440	69,020,407	71,615,406	74,492,340	68,999,040
End of period - diluted	**91,564,557**	71,719,880	70,588,213	71,566,714	74,114,181	77,689,147	80,099,780	75,704,480
Weighted average for the period - basic	**68,749,889**	65,279,607	65,924,473	68,143,633	70,390,367	73,097,543	72,638,096	69,401,001
Weighted average for the period - diluted	**68,750,556**	65,279,607	66,255,000	69,108,544	71,402,527	74,334,096	74,371,392	71,431,314

(1) Funds from operations, funds from operations per share, operating netback, adjusted working capital (surplus) deficit, net bank debt and net debt do not have standardized meanings prescribed by GAAP 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 paragraph in the Advisories section of this MD&A.

(2) The basic and diluted weighted average shares outstanding are the same for periods in which the Corporation records a net loss.

Discussion of Quarterly Results

The P&NG industry is cyclical in nature and the Corporation's financial position, results of operations and funds from operations are principally impacted by production levels and commodity prices.

Significant events that have impacted the Corporation's results during the past eight quarters include:

- In the fourth quarter of 2013, Manitok recorded a net loss of $1.4 million, which was primarily the result of an impairment expense of $4.9 million.
- The Corporation completed an equity financing in the fourth quarter of 2013, issuing 1.4 million Manitok CDE Flow-through Shares and 5.6 million Manitok CEE Flow-through Shares for net proceeds of approximately $23.5 million, which contributed to the significant increase in total assets and shareholders' equity.
- In the fourth quarter of 2013, Manitok closed a lease issuance and drilling commitment agreement for approximately $19.7 million and incurred additional seismic processing costs of about $0.4 million in the Entice area for total capital expenditures of $20.1 million.
- The Corporation repurchased 2,261,600 Manitok Shares in the fourth quarter of 2013 at an average price of $2.34 per share, pursuant to a NCIB program.
- In the first quarter of 2014, the Corporation completed the an asset divestiture, which resulted in a reduction of production volumes, lower net capital expenditures in the quarter and a loss on the divestiture of $1.0 million.
- In the first quarter of 2014, petroleum and natural gas revenue increased 34% from the fourth quarter of 2013 as a result of increased production volumes and higher commodity prices.
- Royalty expenses increased 129% in the first quarter of 2014 compared to the fourth quarter of 2013 as a result of higher commodity prices and three light oil wells drilled in 2013 that each exceeded the royalty incentive production volume maximum of 50,000 bbls of oil in approximately three to four months of production and were subject to a maximum royalty rate of 40% for the majority of the first quarter of 2014 as compared to a 5% new well royalty rate before the production volume threshold of 50,000 bbls of oil was exceeded.
- The Corporation repurchased 3,350,300 Manitok Shares in the first quarter of 2014 at an average price of $2.39 per share, pursuant to a NCIB program.
- In the second quarter of 2014, average production volumes decreased to 4,644 boe/d compared to 5,351 boe/d in the first quarter of 2014 mainly attributed to the Foothills Asset Divesture.
- P&NG revenue decreased by $4.3 million in the second quarter of 2014 from the first quarter of 2014 as a result of the decreased production volumes.
- Funds from operations decreased by $4.3 million in the second quarter of 2014 from the first quarter of 2014 mainly attributable to lower revenue and an increase to the realized loss on financial instruments.
- In the second quarter of 2014, Manitok recorded a net loss of $9.0 million, which was primarily the result of an impairment expense of $13.6 million.
- The Corporation repurchased 3,194,800 Manitok shares in the second quarter of 2014 at an average price of $2.41 per share, pursuant to a NCIB program.
- P&NG revenue decreased by $7.7 million in the third quarter of 2014 from the second quarter of 2014 as a result of the decreased production volumes and decreased commodity prices.
- Funds from operations decreased by $2.6 million in the third quarter of 2014 from the second quarter of 2014 mainly attributable to lower P&NG revenue.
- In the third quarter of 2014, Manitok recorded net income of $7.9 million, which was primarily the result of an unrealized gain on financial instruments of $8.4 million as a result of the decrease in WTI crude oil price.
- The Corporation repurchased 2,068,300 Manitok Shares in the third quarter of 2014 at an average price of $2.39 per share, pursuant to a NCIB program.
- P&NG revenue decreased by $4.1 million in the fourth quarter of 2014 from the third quarter of 2014 as a result of the decreased realized commodity prices.
- Funds from operations increased by $2.2 million in the fourth quarter of 2014 from the third quarter of 2014 mainly attributable to a realized gain on financial instruments and a decrease in royalty expenses, partially offset by lower P&NG revenue.

- In the fourth quarter of 2014, the unrealized gain on financial instruments increased by $19.2 million from the third quarter of 2014 due to the significant decrease in commodity prices.
- Net loss for the fourth quarter of 2014 was $2.8 million, compared to net income of $7.9 million in the third quarter of 2014. The decrease was primarily the result of an impairment charge of $34.0 million in the fourth quarter of 2014, partially offset by the increase in the unrealized gain on financial instruments.
- Total net debt increased by $19.4 million to $78.6 million as at December 31, 2014 from September 30, 2014 due primarily to capital expenditures and an asset acquisition in the fourth quarter of 2014, partially offset by the oil and gas infrastructure divestiture.
- The Corporation repurchased 1,878,500 Manitok Shares in the fourth quarter of 2014 at an average price of $1.73 per share, pursuant to a NCIB program.
- P&NG revenue decreased by $5.3 million in the first quarter of 2015 from the fourth quarter of 2014 as a result of the decreased realized commodity prices.
- Funds from operations decreased by $2.8 million in the first quarter of 2015 from the fourth quarter of 2014 mainly attributable to lower P&NG revenue and increased operating expenses, partially offset by an increased realized gain on financial instruments and a decrease in royalty expenses.
- Adjusted working capital changed to a surplus of $2.3 million at March 31, 2015, compared to a deficit as at December 31, 2014 as a result of the significant decrease in capital expenditures in the first quarter of 2015 compared to the fourth quarter of 2014.
- Net loss for the second quarter of 2015 was $26.9 million, compared to a net loss of $3.4 million in the first quarter of 2015. The increase was primarily the result of an impairment charge of $17.9 million, an increased unrealized loss on financial instruments and losses on the divestiture of assets.
- In the second quarter of 2015, Manitok closed the Wayne Acquisition for cash consideration of $62.4 million.
- The Corporation closed a non-brokered private placement equity financing in June 2015 for the issuance of 12,587,600 Manitok Shares at a price of $0.80 per Manitok Share, 917,500 common shares of Manitok CDE Flow-through Shares at a price of $0.85 per Manitok CDE Flow-through Share, and 6,305,077 Manitok CEE Flow-through Shares at a price of $0.95 per Manitok CEE Flow-through Share for gross proceeds of $16.8 million (net proceeds - $15.8 million).
- The Corporation completed the Stolberg GORR Divestiture, the Wayne GORR Divestiture, the Facility Divestiture and the PVR Divestiture in the second quarter of 2015 for cash proceeds of $37.7 million.

POTENTIAL TRANSACTIONS

Within its focus area, the Corporation is always reviewing potential property acquisitions and corporate mergers and acquisitions for the purposes of determining whether any such potential transaction is of interest to the Corporation, as well as the terms on which such a potential transaction would be available. As a result, the Corporation may from time to time be involved in discussions or negotiations with other parties or their agents in respect of potential property acquisitions and corporate merger and acquisition opportunities. The Corporation is not committed to any such potential transaction and cannot be reasonably confident that it can complete any such potential transaction until appropriate legal documentation has been signed by the relevant parties.

The Corporation may fail to realize the perceived benefits of any proposed acquisition. The Corporation may not realize the expected benefits and synergies from any proposed acquisition or may encounter difficulties in achieving these anticipated benefits. There can be no assurance that the Corporation will realize these benefits in the time expected or at all. This could have a negative impact on the business, operating profit or overall financial condition of the Corporation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of IFRS accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Judgments in Applying Accounting Policies

The following are critical judgments that management has made in the process of applying the Corporation's IFRS accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) Identification of CGUs

Manitok's assets are aggregated into CGUs for the purpose of calculating impairment based on their ability to generate largely independent cash inflows. CGUs have been determined based on similar geological structure, shared infrastructure, geographical proximity, operating structure, commodity type and similar exposures to market risks. By their nature, these assumptions are subject to management's judgment and may impact the carrying value of the Corporation's assets in future periods.

(ii) Identification of impairment indicators

IFRS requires Manitok to assess, at each reporting date, whether there are any indicators that its assets may be impaired. Manitok is required to consider information from both external sources (such as a negative downturn in commodity prices and significant adverse changes in the technological, market, economic or legal environment in which the entity operates) and internal sources (such as downward revisions in reserves, significant adverse effect on the financial and operational performance of a CGU and evidence of obsolescence or physical damage to the asset). By their nature, these assumptions are subject to management's judgment and may impact the carrying value of the Corporation's assets in future periods.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the Reporting Period that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year.

(i) Reserves

Reported recoverable quantities of proved and probable reserves requires estimation regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It also requires interpretation of geological and geophysical models in order to make an assessment of the size, shape, depth and quality of the reservoir, and the anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Corporation's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from Manitok's petroleum and natural gas interests are evaluated by independent reserve engineers at least annually.

The Corporation's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and NGLs which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proved and probable if producibility is supported by either production or conclusive formation tests. Manitok's oil and gas reserves are determined in accordance with the standards contained in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and the *Canadian Oil and Gas Evaluation Handbook*.

(ii) Share-based payments

All equity-settled, share-based awards issued by the Corporation are fair valued using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, weighted average expected life of the instrument, expected dividend yield, risk-free interest rate and estimated forfeiture rate at the initial grant date.

(iii) Decommissioning obligations

The Corporation estimates future remediation costs of production facilities, well sites and gathering systems at different stages of development and construction of assets. In most instances, removal of assets occurs many years into the future. This requires an estimate regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

(iv) Impairment of non-financial assets

For the purposes of determining the extent of any impairment or its reversal, estimates must be made regarding future cash flows taking into account key assumptions including future petroleum and natural gas prices, expected forecasted production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amount of the Corporation's assets, and impairment charges and reversals will affect income or loss.

(v) Taxes

Manitok files corporate income tax, goods and service tax and other tax returns with various provincial and federal taxation authorities in Canada. There can be differing interpretations of applicable tax laws and regulations. The resolution of any differing tax positions through negotiations or litigation with tax authorities can take several years to complete. The Corporation does not anticipate that there will be any material impact upon the results of its operations, financial position or liquidity.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. Estimates of future taxable income are based on forecasted cash flows from operations. To the extent that any interpretation of tax law is challenged by the tax authorities or future cash flows and taxable income differ significantly from estimates, the ability of Manitok to realize the deferred tax assets recorded at the balance sheet date could be impacted.

CHANGES IN ACCOUNTING POLICIES

Future Changes in Accounting Policies

On May 28, 2014, the IASB issued *IFRS 15 Revenue From Contracts With Customers* replacing IAS 11 *Construction Contracts,* IAS 18 *Revenue* and several revenue-related interpretations. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Manitok is currently assessing the impact of adopting IFRS 15, however, it anticipates that this standard will not have a material impact on the Corporation's financial statements.

On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 aligns hedge accounting more closely with risk management. The new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however under the new standard, more hedging strategies that are used for risk management will qualify for hedge accounting. IFRS 9 is effective for years beginning on or after January 1, 2018. As the Corporation does not currently apply hedge accounting it anticipates that this standard will not have a material impact on Manitok's financial statements.

RISK FACTORS & RISK MANAGEMENT

The liquidity position of Manitok is restricted and the continued operation of Manitok will be improved by a material increase in future commodity prices and an increase in proved and probable reserves based on the Corporation's drilling program. The Corporation is involved in regular discussions with its lender and is continually pursuing other financing opportunities such as alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities and is taking steps to manage its spending and leverage including the implementation of cost reduction and capital management initiatives. If the Corporation is unable to obtain additional financing or come to some other arrangement with its lender, it will be required to curtail activities and may be required to liquidate its assets. Ongoing exploration and development of Manitok's properties will require substantial additional capital investment. Failure to secure additional financing, and/or secure other funds from asset sales, would result in a delay or postponement of development of these properties. There can be no assurance that additional financing will be available or that, if available, will be on terms favourable or acceptable to Manitok.

Manitok monitors and complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations or taxation. In addition, Manitok maintains a level of liability, business interruption and property insurance which is believed to be adequate for the Corporation's size and activities, but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. See "Forward-Looking Information" in this MD&A and "Risk Factors" in Manitok's most recently filed Annual Information Form for additional information.

IMPACT OF NEW ENVIRONMENTAL REGULATIONS

The oil and gas industry is currently subject to regulation pursuant to a variety of provincial and federal environmental legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability and the imposition of material fines and penalties.

MANITOK ENERGY INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
Unaudited *(expressed in thousands of Canadian dollars)*

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Accounts receivable	**10,784**	24,035
Deposits and prepaid expenses	**812**	743
Fair value of financial instruments (note 17)	**9,224**	20,783
	20,820	45,561
Non-current assets:		
Exploration and evaluation assets (note 5)	**38,931**	26,759
Petroleum and natural gas properties and equipment (note 6)	**140,244**	138,964
	179,175	165,723
	199,995	211,284
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	**10,021**	47,573
Credit facilities (note 9)	**69,949**	53,258
Deferred premium on financial instruments (note 17)	**1,714**	2,019
	81,684	102,850
Non-current liabilities:		
Long-term financial obligations (note 10)	**14,984**	2,500
Deferred premium on financial instruments (note 17)	**2,100**	-
Fair value of financial instruments (note 17)	**1,088**	-
Flow-through share premium (note 12)	**992**	-
Decommissioning obligations (note 11)	**25,888**	8,516
Deferred income taxes	**3,294**	13,085
	48,346	24,101
	130,030	126,951
SHAREHOLDERS' EQUITY		
Share capital (note 12)	**120,812**	105,701
Contributed surplus	**6,181**	5,407
Deficit	**(57,028)**	(26,775)
	69,965	84,333
Commitments (note 18)		
Going concern (note 2a)		
	199,995	211,284

The accompanying notes are an integral part of these condensed interim financial statements.

MANITOK ENERGY INC.

CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

Unaudited *(expressed in thousands of Canadian dollars, except per share amounts)*

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
REVENUE				
Petroleum and natural gas	**15,297**	30,771	**28,942**	65,883
Royalty expenses	**(3,613)**	(10,132)	**(7,046)**	(20,837)
Net revenue from petroleum and natural gas sales	**11,684**	20,639	**21,896**	45,046
Realized gain (loss) on financial instruments	**4,466**	(2,618)	**9,954**	(4,594)
Unrealized loss on financial instruments	**(10,328)**	(2,036)	**(14,442)**	(8,211)
Interest and other	**7**	-	**14**	3
	5,829	15,985	**17,422**	32,244
EXPENSES				
Operating, net of recoveries	**4,640**	3,203	**8,847**	6,742
Transportation and marketing	**967**	1,548	**2,130**	3,094
Administrative, net of recoveries	**2,054**	2,107	**4,034**	3,890
Depletion and depreciation (note 6)	**8,619**	6,493	**16,575**	12,885
Finance (note 13)	**3,365**	143	**4,069**	408
Impairment	**17,943**	13,634	**17,943**	13,634
(Gain) loss on divestitures (note 8)	**3,597**	(247)	**3,597**	802
	41,185	26,881	**57,195**	41,455
LOSS BEFORE INCOME TAXES	**(35,356)**	(10,896)	**(39,773)**	(9,211)
Deferred income tax recovery	**(8,504)**	(1,852)	**(9,520)**	(498)
TOTAL NET LOSS AND COMPREHENSIVE LOSS	**(26,852)**	(9,044)	**(30,253)**	(8,713)
Net loss per common share (note 15)				
basic	**(0.39)**	(0.13)	**(0.45)**	(0.12)
diluted	**(0.39)**	(0.13)	**(0.45)**	(0.12)

The accompanying notes are an integral part of these condensed interim financial statements.

MANITOK ENERGY INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited *(expressed in thousands of Canadian dollars, except for share information)*

	Number of common shares	Share Capital	Contributed Surplus	Deficit	Total
As at December 31, 2013	74,492,340	119,586	5,451	(15,941)	109,096
Net loss for the period	-	-	-	(8,713)	(8,713)
Issued on exercise of stock options	1,073,167	2,593	(1,013)	-	1,580
Normal course issuer bid	(6,545,100)	(10,566)	-	(5,220)	(15,786)
Stock-based compensation expensed	-	-	237	-	237
Stock-based compensation capitalized	-	-	136	-	136
As at June 30, 2014	**69,020,407**	**111,613**	**4,811**	**(29,874)**	**86,550**
As at December 31, 2014	65,279,607	105,701	5,407	(26,775)	84,333
Net loss for the period	-	-	-	(30,253)	(30,253)
Share issuance (note 12)	19,810,177	15,848	-	-	15,848
Share issue costs, net of tax (note 12)	-	(737)	-	-	(737)
Stock-based compensation expensed	-	-	393	-	393
Stock-based compensation capitalized	-	-	381	-	381
As at June 30, 2015	**85,089,784**	**120,812**	**6,181**	**(57,028)**	**69,965**

The accompanying notes are an integral part of these condensed interim financial statements.

MANITOK ENERGY INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
Unaudited *(expressed in thousands of Canadian dollars)*

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Cash provided by (used in):				
OPERATING ACTIVITIES:				
Net loss	**(26,852)**	(9,044)	**(30,253)**	(8,713)
Adjustments for items not affecting operating cash:				
Deferred income tax	**(8,504)**	(1,852)	**(9,520)**	(498)
Depletion and depreciation	**8,619**	6,493	**16,575**	12,885
Impairment	**17,943**	13,634	**17,943**	13,634
Stock-based compensation	**174**	145	**393**	237
Finance	**3,365**	143	**4,069**	408
Unrealized loss on financial instruments	**10,328**	2,036	**14,442**	8,211
(Gain) loss on divestitures	**3,597**	(247)	**3,597**	802
Acquisition-related expenses	**(1,954)**	-	**(1,954)**	-
Interest paid	**(1,329)**	(111)	**(1,987)**	(308)
Decommissioning expenditures	**(56)**	-	**(80)**	(16)
Changes in non-cash operating working capital	**3,726**	3,118	**3,460**	6,193
	9,057	14,315	**16,685**	32,835
FINANCING ACTIVITIES:				
Increase (decrease) in credit facilities	**(5,430)**	15,626	**16,691**	6,074
Increase in long-term financial obligations	**12,490**	-	**12,484**	-
Proceeds from share issuance	**16,840**	-	**16,840**	-
Share issue costs	**(1,010)**	-	**(1,010)**	-
Proceeds from the exercise of stock options	**-**	871	**-**	1,580
Repurchase of common shares	**-**	(7,754)	**-**	(15,786)
	22,890	8,743	**45,005**	(8,132)
INVESTING ACTIVITIES:				
Acquisitions (note 7)	**(62,846)**	-	**(62,846)**	-
Divestitures (note 8)	**37,081**	1,006	**37,081**	22,938
Exploration and evaluation asset expenditures	**(1,456)**	(6,805)	**(2,212)**	(16,538)
Petroleum and natural gas properties and equipment expenditures	**(1,738)**	(11,870)	**(5,883)**	(26,309)
Changes in non-cash investing working capital	**(2,988)**	(5,389)	**(27,830)**	(4,794)
	(31,947)	(23,058)	**(61,690)**	(24,703)
NET CHANGE IN CASH	**-**	-	**-**	-
CASH, BEGINNING OF PERIOD	**-**	-	**-**	-
CASH, END OF PERIOD	**-**	-	**-**	-
Cash interest paid	**1,329**	111	**1,987**	308

The accompanying notes are an integral part of these condensed interim financial statements.

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Manitok Energy Inc. ("**Manitok**" or the "**Corporation**") is domiciled and incorporated in Canada. The Corporation is engaged in the exploration for, and the development, production and acquisition of petroleum and natural gas reserves in Western Canada. Manitok conducts its operations in the Western Canadian Sedimentary Basin and currently all of the Corporation's activities are in Alberta. Manitok's financial year end is December 31st and the Corporation's registered office is located at Suite 1600, 421 – 7th Avenue S.W., Calgary, Alberta, Canada T2P 4K9. Manitok common shares are listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "**MEI**".

2. BASIS OF PREPARATION AND GOING CONCERN

a) Going concern

The unaudited condensed interim financial statements ("**Financial Statements**") have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") on a going concern basis, which asserts that the Corporation has the ability to realize its assets and discharge its liabilities and commitments in the normal course of business. In June 2015 Manitok amended its $90.0 million revolving operating demand loan facility with its lender. Upon amendment, the facilities consist of a $45.0 million revolving operating demand loan facility drawn at $34.9 million on June 30, 2015 and a fully drawn $35.0 million non-revolving reducing demand loan facility. The Corporation is required to repay the $35.0 million outstanding amount on the non-revolving reducing demand loan as follows:

- $5.0 million on or before December 31, 2015;
- $10.0 million on or before March 31, 2016; and
- $20.0 million on or before May 31, 2016.

Based on its twelve month cash flow from operating activities at current forward strip crude oil and natural gas prices, the Corporation is in the process of identifying and pursuing alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities and is taking steps to manage its spending and leverage including the implementation of cost reduction and capital management initiatives, to satisfy the non-revolving reducing demand loan facility repayment requirements. There is no assurance that the Corporation will be able to access the various financing opportunities in order to repay the non-revolving reducing demand loan facility in accordance with the timing required under the credit facility agreement. Should the Corporation fail to make repayments of the non-revolving reducing demand loan facility in accordance with the requirements of the credit facility agreement, outstanding borrowings may become due and payable immediately. These circumstances result in material uncertainty surrounding the Corporation's ability to continue as a going concern and lend significant doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly the appropriateness of the use of accounting principles applicable to a going concern.

The Corporation currently continues to meet all of its obligations with respect to ongoing operations. The Financial Statements do not reflect the adjustments to the carrying amounts of the Corporation's assets, liabilities, revenues, expenses and balance sheet classifications that would be necessary if the going concern assumption is not appropriate. Such adjustments could be material.

b) Statement of compliance

The Financial Statements present Manitok's financial results of operations and financial position under IFRS as at and for the three and six months ended June 30, 2015, including the 2014 comparable periods. The Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("**IASB**").

These Financial Statements were approved and authorized for issuance by the Board of Directors on August 26, 2015.

c) Basis of measurement

The Financial Statements have been prepared following the same IFRS accounting policies and methods of computation, as disclosed in the annual audited financial statements for the year ended December 31, 2014. Certain information and disclosures normally required to be included in the notes to the annual audited financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these Financial Statements should be read in conjunction with the annual audited financial statements and the notes thereto for the year ended December 31, 2014.

The Financial Statements have been prepared on a historical cost basis, except for certain financial and non-financial assets and liabilities, which have been measured at fair value. The methods used to measure fair values are discussed in note 4. The Corporation's Financial Statements include the accounts of Manitok only and are expressed in Canadian dollars, unless otherwise stated. There are no subsidiary companies.

3. CHANGES IN ACCOUNTING POLICIES

There were no new or amended accounting standards or interpretations issued during the period ended June 30, 2015 that will affect the Corporation's future reporting periods. A summary of accounting standards and interpretations that will have an impact on future reporting periods of the Corporation are described in the notes to the annual Financial Statements for the year ended December 31, 2014.

4. DETERMINATION OF FAIR VALUES

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Corporation's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level. The fair value measurement of derivative financial instruments has a fair value hierarchy of level 2.

5. EXPLORATION AND EVALUATION ASSETS

The components of the Corporation's Exploration and Evaluation ("**E&E**") assets are as follows:

($000)	**Total**
As at December 31, 2013	54,106
Additions[(1)]	49,975
Dispositions	(8,039)
Transfer to petroleum and natural gas properties and equipment (note 6)	(23,199)
Impairment	(46,084)
As at December 31, 2014	**26,759**
Additions[(1)(2)]	9,437
Acquisition[(3)]	4,973
Impairment	(2,238)
As at June 30, 2015	**38,931**

(1) Includes non-cash items such as capitalized stock-based compensation and decommissioning obligations.

(2) Includes a $7.1 million non-cash undeveloped land addition relating to an asset swap arrangement as disclosed in note 8.

(3) In the period ended June 30, 2015, the Corporation completed an acquisition in southern Alberta for $62.4 million, of which $5.0 million was allocated to E&E assets as disclosed in note 7.

E&E assets consist of the Corporation's exploration projects which are pending the determination of economic quantities of proven reserves. Additions represent the Corporation's share of costs incurred on E&E assets during the period. Manitok capitalized cash and non-cash administrative costs directly attributable to E&E additions of $1.6 million in the six months ended June 30, 2015 (June 30, 2014 – $0.8 million).

Impairment

In the three months ended June 30, 2015, Manitok determined the carrying value of certain land costs were higher than the estimated fair value less costs to sell based on an internal valuation of undeveloped land. An impairment charge of $2.2 million (December 31, 2014 – $46.1 million) was recorded in the Financial Statements. Any impairment of E&E assets and any eventual reversal are recognized in income or loss.

6. PETROLEUM AND NATURAL GAS PROPERTIES AND EQUIPMENT

The components of the Corporation's Petroleum and Natural Gas ("**P&NG**") Properties and Equipment are as follows:

($000)	P&NG	Corporate	Total
Cost:			
As at December 31, 2013	161,872	1,268	163,140
Additions	50,440	202	50,642
Asset acquisition	7,555	-	7,555
Asset divestitures	(51,335)	(240)	(51,575)
Transfer from E&E assets (note 5)	23,199	-	23,199
Change in decommissioning obligations	2,236	-	2,236
As at December 31, 2014	193,967	1,230	195,197
Additions	5,909	165	6,074
Asset acquisition (note 7)	67,686	-	67,686
Asset divestitures[1] (note 8)	(68,269)	-	(68,269)
Change in decommissioning obligation	7,577	-	7,577
As at June 30, 2015	**206,870**	**1,395**	**208,265**
Accumulated depletion and depreciation and impairment:			
As at December 31, 2013	(43,171)	(531)	(43,702)
Asset divestitures	15,420	158	15,578
Depletion and depreciation expense	(26,233)	(319)	(26,552)
Impairment expense	(1,557)	-	(1,557)
As at December 31, 2014	(55,541)	(692)	(56,233)
Asset divestitures (note 8)	20,492	-	20,492
Depletion and depreciation expense	(16,383)	(192)	(16,575)
Impairment expense	(15,705)	-	(15,705)
As at June 30, 2015	**(67,137)**	**(884)**	**(68,021)**
Net book value:			
As at December 31, 2014	138,426	538	138,964
As at June 30, 2015	**139,733**	**511**	**140,244**

(1) Includes a $7.1 million non-cash undeveloped land addition relating to an asset swap arrangement as disclosed in note 8.

At June 30, 2015, estimated future development costs of $61.6 million (December 31, 2014 – $47.0 million) associated with the development of the Corporation's proved and probable reserves were added to the Corporation's net book value in the depletion and depreciation calculation. Manitok capitalized cash and non-cash administrative costs directly attributable to P&NG properties and equipment of $0.5 million in the six months ended June 30, 2015 (June 30, 2014 – $0.3 million).

Impairment

As a result of the loss on divestitures from the asset divestitures as disclosed in note 8 in the three months ended June 30, 2015 along with the general decline in forecasted crude oil and natural gas prices, the Corporation tested certain CGUs for impairment. The recoverable amounts for the tested CGUs were based on the the greater of fair value less cost to sell and value in use.

Fair value less costs to sell were based on the net present value of the before tax cash flow from proved plus probable oil and natural gas reserves internally estimated using discount rates of 10% to 20%.

The forward commodity price estimates used in the June 30, 2015 impairment test are as follows:

	WTI Oil ($US/bbl)	Canadian Light Sweet ($CAD/bbl)	AECO gas ($CAD/mmbtu)	$US/$CAD
2015 6 mo. estimate	60.00	69.00	2.68	0.800
2016	70.00	75.76	3.42	0.850
2017	75.00	81.18	4.01	0.850
2018	80.00	89.41	4.59	0.850
2019	81.20	90.75	5.18	0.850
2020	82.42	93.08	5.27	0.850
2021	83.65	94.48	5.36	0.850
2022	84.91	95.90	5.45	0.850
2023	86.18	97.34	5.54	0.850
2024	87.48	98.80	5.64	0.850
2025	88.79	100.28	5.73	0.850
thereafter	+1.5%/yr	+1.5%/yr	+1.5%/yr	

(1) Product sale prices will reflect these reference prices with further adjustments for product quality differentials and transportation to point of sale.

At June 30, 2015 it was determined that the net book value of certain CGUs exceeded the recoverable amount and Manitok recognized a $15.7 million impairment charge from its P&NG assets (December 31, 2014 - $1.6 million). Any impairment of P&NG assets and any eventual reversal are recognized in income or loss.

7. ACQUISITIONS

2015 Acquisitions

The revenue and net income for the post-acquisition period of the acquisitions listed below are included in the statement of loss and comprehensive loss.

On June 12, 2015, the Corporation closed an acquisition of petroleum and natural gas assets in the Wayne area of southeast Alberta ("**Wayne Acquisition**"), with an effective date of April 1, 2015, for total cash consideration of approximately $62.4 million after estimated post-closing adjustments. The consideration paid by Manitok for the Wayne Acquisition was financed with the June 2015 equity financing as disclosed in note 12, asset divestitures as disclosed in note 8 and long-term financial obligations as disclosed in note 10.

The transaction has been accounted for as a business combination pursuant to IFRS 3, using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. A total of $1.9 million in acquisition-related expenses, which relate primarily to professional fees have been charged to finance expenses on the statement of net loss and comprehensive loss.

The Wayne Acquisition has contributed revenues of $1.3 million and operating income of $0.3 million since June 12, 2015 and had the Wayne Acquisition closed on January 1, 2015, estimated contributed revenues would have been $12.1 million and estimated contributed operating income would have been $6.1 million for the period ended June 30, 2015. The pro-forma information is not necessarily indicative of the actual results that would have been achieved had the business combination closed on January 1, 2015.

Fair value of net assets acquired:	($000)
Exploration and evaluation assets	4,973
Petroleum and natural gas properties and equipment	67,264
Decommissioning obligations	(9,812)
Total net assets acquired	**62,425**
Consideration:	
Cash	**62,425**

The fair value of E&E assets has been estimated based on available third party land sale data, while P&NG assets has been estimated based on a third party reserve report using discount rates of 12% to 18%. The decommissioning obligation has been estimated using a credit adjusted discount rate of 10%.

The above amounts are estimates, which were made by management at the time of the preparation of these Financial Statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized.

In addition, on June 29, 2015, the Corporation closed a minor acquisition in the Carseland area for $0.3 million.

8. ASSET DIVESTITURES

2015 Asset Divestitures

In June 2015, the Corporation divested of a 5% gross-overriding royalty of revenue with no deductions from the producing wells in the Wayne area ("**Wayne GORR Divestiture**") for total cash consideration of approximately $6.2 million after estimated post-closing adjustments. The Corporation did not record a gain or loss on the divesture as the carrying value approximated the proceeds received.

In June 2015, Manitok entered into a production volume royalty divestiture ("**PVR Divestiture**") with a royalty corporation for approximately $24.4 million after estimated post-closing adjustments. The PVR Divestiture royalty volumes remain constant at 140 bbls/d of light crude oil for the first 8 years to May 31, 2023, and is then subject to a 10% decline per year thereafter. The royalty volumes are first allocated from the Corporation's Stolberg area, provided sufficient volumes are produced, and any short fall would be made up from oil production in the Wayne area and the Carseland area, if available. There is an associated capital commitment as disclosed in note 18. Manitok recorded a loss of $2.8 million on the asset divestiture for the three and six month periods ended June 30, 2015.

In June 2015, Manitok divested its interest in certain oil and gas infrastructure ("**Facility Divestiture**") in the Wayne area for approximately $7.1 million after estimated post-closing adjustments. The Corporation did not record a gain or loss on the divesture as the carrying value approximated the proceeds received. The Corporation has entered into an agreement for the exclusive use of the oil and gas infrastructure, which include monthly facility fees included in commitments as set forth in note 18.

In June 2015, the Corporation entered into an asset swap arrangement, which Manitok provided a 4% gross-overriding royalty with no deductions on its Stolberg lands ("**Stolberg GORR Divestiture**") from both the Cardium and Mannville formations in exchange for revised terms and additional undeveloped lands to the Lease Issuance and Drilling Commitment Agreement with PrairieSky Royalty Ltd. ("**PSK LIDCA**"). The estimated fair market value was determined to be $7.1 million and was based on the fair value of the Stolberg GORR Divestiture assets. Manitok recorded a loss of $0.8 million on the asset divestiture for the three and six month periods ended June 30, 2015.

9. CREDIT FACILITIES

The components of the Corporation’s credit facilities include:

($000)	**June 30, 2015**	December 31, 2014
Revolving operating demand loan facility	**34,949**	53,258
Non-revolving reducing demand loan facility	**35,000**	-
Credit facilities	**69,949**	53,258

As at June 30, 2015, the Corporation’s credit facilities consisted of a $45.0 million revolving operating demand loan facility and a $35.0 million non-revolving reducing demand loan facility, for total credit facilities of $80.0 million. The Corporation is required to repay the fully drawn $35.0 million outstanding amount on the non-revolving reducing demand loan as follows:

- $5.0 million on or before December 31, 2015;
- $10.0 million on or before March 31, 2016; and
- $20.0 million on or before May 31, 2016.

Based on its twelve month cash flow from operating activities at current forward strip crude oil and natural gas prices, the Corporation is in the process of identifying and pursuing alternative debt arrangements, joint venture arrangements, property acquisitions or divestitures, corporate mergers and acquisitions and other recapitalization opportunities and is taking steps to manage its spending and leverage including the implementation of cost

reduction and capital management initiatives to satisfy the non-revolving reducing demand loan facility repayment requirements. As disclosed in note 2a, there is no assurance that the Corporation will be able to access the various financing opportunities in order to repay the non-revolving reducing demand loan facility in accordance with the timing required under the credit facility agreement.

Advances under the revolving operating demand loan facility are available by way of Canadian prime rate loans and bankers' acceptances. The interest rates applicable to the advances and the standby fees on the undrawn credit facilities are based on a pricing margin related to the ratio of outstanding indebtedness to cash flow, as defined by the lender and calculated at the Corporation's previous quarter end. The interest rates applicable on the non-revolving reducing demand loan facility are based on the same pricing margin as the revolving operating demand loan facility plus:

- an additional 2.0% from July 1, 2015 to August 31, 2015;
- an additional 3.0% from September 1, 2015 to November 30, 2015;
- an additional 4.0% from December 1, 2015 to February 29, 2016; and
- an additional 5.0% from March 1, 2016 to May 31, 2016.

The effective interest rate applicable to the total debt issued under the credit facilities was 3.7% for the six months ended June 30, 2015 (June 30, 2014 – 3.5%).

The lending agreement provides for a financial covenant that requires the Corporation to maintain a working capital ratio (current assets excluding the fair value of financial instruments plus any undrawn portion of the revolving operating demand loan facility divided by current liabilities excluding any current portion of an amount drawn on the credit facilities, the fair value of financial instruments and the deferred premium on financial instruments) of at least 1:1. As of June 30, 2015, the Corporation's working capital ratio was 2.1:1. The Corporation was compliant with the covenant based on the credit facilities available as at June 30, 2015.

The credit facilities are secured by a fixed charge debenture on the assets of the Corporation and are subject to review by the lender at any time in its sole discretion, and at least annually. The amount of the credit facilities are subject to a borrowing base test performed on a periodic basis by the lender, based primarily on reserves and using commodity prices estimated by the lender, as well as other factors. A change or redetermination of the borrowing base limit may result in a reduction in the credit facilities and a borrowing base shortfall must be remedied by the Corporation. The next review date for the credit facilities has been set for September 1, 2015.

10. LONG-TERM FINANCIAL OBLIGATIONS

In December 2014, the Corporation entered into a financing arrangement with a third party, whereby the Corporation received $2.5 million. Under the financing arrangement, the Corporation is required to make annual payments of about $0.4 million over 20 years. The effective interest rate over the life of the obligation is 13.5% and the obligation is secured by certain oil batteries in the Stolberg area.

Manitok has the option to terminate the financing at any time by paying consideration such that the third party earns a rate of return of 13.5% percent plus a penalty for the first four years and 13.5% rate of return over the remaining sixteen years. Upon the total payment of fees equal to 110% of the original financing ($2.75 million in payments over approximately 7.5 years), the third party has the option to require the Corporation to pay the remaining obligation, discounted at 17.0%.

In June 2015, the Corporation entered into a second financing arrangement with a third party, whereby the Corporation received $12.5 million. Under the financing arrangement, the Corporation is required to make annual payments of about $1.9 million over 20 years. The effective interest rate over the life of the obligation is 14.5% and the obligation is secured by certain oil batteries in the Wayne area.

Manitok has the option to terminate the financing at any time by paying consideration such that the third party earns a rate of return of 14.5% percent plus a penalty for the first four years and 14.5% rate of return over the remaining sixteen years. Upon the total payment of fees equal to 110% of the original financing ($13.75 million in payments over approximately 7.5 years), the third party has the option to require the Corporation to pay the remaining obligation, discounted at 16.0%.

A reconciliation of the long-term financial obligations is provided below:

($000)	June 30, 2015	December 31, 2014
Opening Balance	**2,500**	-
December 2014 financing arrangement	**-**	2,500
June 2015 financing arrangement	**12,500**	-
Principal repayments	**(16)**	-
Ending Balance	**14,984**	2,500

11. DECOMMISSIONING OBLIGATIONS

The Corporation's decommissioning obligations result from net ownership interests in petroleum and natural gas properties and equipment including well sites and facilities. Manitok estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations as at June 30, 2015 to be approximately $36.9 million (December 31, 2014 – $13.2 million) with the majority of costs anticipated to be incurred between 2024 and 2032. A risk-free discount rate of 2.3% (December 31, 2014 – 2.3%) and an inflation rate of 2.0% (December 31, 2014 – 2.0%) was used to calculate the fair value of the decommissioning obligation.

A reconciliation of the decommissioning obligations is provided below:

($000)	June 30, 2015	December 31, 2014
Opening Balance	**8,516**	11,225
Obligations incurred	**-**	2,773
Obligations acquired (note 7)	**9,812**	162
Obligations disposed	**-**	(7,974)
Actual expenditures	**(80)**	(180)
Changes in estimates(1)	**735**	2,325
Revaluation of acquired decommissioning obligations(2)	**6,777**	-
Accretion expense	**128**	185
Ending Balance	**25,888**	8,516

(1) The change in estimates consists of a change in the risk-free discount rate of $NIL (December 31, 2014 – $0.9 million) and a change in abandonment and remediation cost estimates and future abandonment dates of $0.7 million (December 31, 2014 – $1.4 million).

(2) These amounts relate to the revaluation of acquired decommissioning obligations at June 30, 2015 using a risk-free discount rate. At the date of acquisition decommissioning obligations were estimated using a credit adjusted discount rate of 10%.

12. SHARE CAPITAL

(a) Authorized:

- Unlimited number of voting common shares
- Unlimited number of preferred shares issuable in series, with rights and privileges to be designated by the Board of Directors at the time of issuance

(b) Issued and outstanding:

	Number of common shares	Amount ($000)
Outstanding, December 31, 2013	**74,492,340**	**119,586**
Issued on exercise of stock options	1,279,167	3,065
Normal course issuer bid	(10,491,900)	(16,950)
Outstanding, December 31, 2014	**65,279,607**	**105,701**
Issued, net of costs (note 12c)	12,587,600	9,466
Issued, net of costs (note 12d)	917,500	687
Issued, net of costs (note 12e)	6,305,077	4,685
Tax effect of share issue costs (note 12f)	-	273
Outstanding, June 30, 2015	**85,089,784**	**120,812**

(c) In June 2015, Manitok closed a non-brokered private placement equity financing for the issuance of 12,587,600 common shares of Manitok ("**Manitok Shares**") at a price of $0.80 per Manitok Share for gross proceeds of $10.1 million (net proceeds - $9.5 million).

(d) In June 2015, Manitok closed a non-brokered private placement equity financing for the issuance of 917,500 common shares of Manitok 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 $0.85 per Manitok CDE Flow-through Share for gross proceeds of $0.8 million (net proceeds - $0.7 million). The Corporation has until December 31, 2015 to incur the $0.8 million in development expenditures. The amount recorded to share capital from the issuance of Manitok CDE Flow-through Shares reflects the fair market value of Manitok Shares, which was $0.80 per Manitok Share less share issue costs. The difference between the total value of Manitok CDE Flow-through Shares and the fair value of Manitok Shares of $0.1 million is recognized as a flow-through share premium liability on the Financial Statements.

(e) In June 2015, Manitok closed a non-brokered private placement equity financing for the issuance of 6,305,077 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 $0.95 per Manitok CEE Flow-through Share for gross proceeds of $6.0 million (net proceeds - $5.6 million). The Corporation has until December 31, 2016 to incur the $6.0 million in exploration expenditures. The amount recorded to share capital from the issuance of Manitok CEE Flow-through Shares reflects the fair market value of Manitok Shares, which was $0.80 per Manitok Share less share issue costs. The difference between the total value of Manitok CEE Flow-through Shares and the fair value of Manitok Shares of $0.9 million is recognized as a flow-through share premium liability on the Financial Statements.

(f) Manitok recognized a deferred income tax benefit of $0.3 million related to the share issue costs of $1.0 million incurred with respect to the issuance of 12,587,600 Manitok Shares, 917,500 Manitok CDE Flow-through Shares and 6,305,077 Manitok CEE Flow-through Shares in June 2015.

13. FINANCE EXPENSES

The components of finance expenses are as follows:

	Three months ended June 30		Six months ended June 30	
($000)	**2015**	2014	**2015**	2014
Cash:				
Interest and fees on credit facilities	**1,329**	111	**1,987**	308
Acquisition-related expenses[(1)]	**1,954**	-	**1,954**	-
	3,283	111	**3,941**	308
Non-cash:				
Accretion on decommissioning obligations (note 11)	**82**	32	**128**	100
Total finance expenses	**3,365**	143	**4,069**	408

(1) Acquisition-related expenses are associated with the Wayne Acquisition, as disclosed in note 7.

14. SHARE-BASED PAYMENTS

Stock Options

At June 30, 2015, the Corporation's stock option plan permitted the grant of options to a maximum of 8,508,978 of Manitok Shares. At June 30, 2015, there remained available for issuance options of 2,034,205 Manitok Shares. No stock options were exercised in the six months ended June 30, 2015. For stock options exercised during the six months ended June 30, 2014, the weighted average trading price was $2.47 per Manitok Share.

A summary of the Corporation's outstanding stock options as at June 30, 2015 is presented below:

	Number	Weighted Average Exercise Price ($)
Outstanding, December 31, 2013	**5,607,440**	**1.98**
Granted	2,601,500	2.09
Exercised	(1,279,167)	(1.46)
Forfeited	(1,621,167)	(2.61)
Outstanding, December 31, 2014	**5,308,606**	**1.97**
Granted	1,200,000	0.81
Forfeited	(33,833)	(2.48)
Outstanding, June 30, 2015	**6,474,773**	**1.75**

The range of exercise prices for stock options outstanding and exercisable under the plan at June 30, 2015 is as follows:

Exercise Prices		Awards Outstanding			Awards Exercisable		
Low ($)	High ($)	Quantity	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($)	Quantity	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($)
0.81	1.00	1,194,000	4.7	0.81	-	-	-
1.01	2.00	2,945,673	2.0	1.47	1,924,840	0.8	1.39
2.01	3.12	2,335,100	3.3	2.58	1,025,232	3.1	2.70
		6,474,773	**2.9**	**1.75**	**2,950,072**	**1.6**	**1.85**

The fair value of each option granted in the period is estimated using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Weighted average fair value of options granted	**$0.43**	$1.25	**$0.44**	**$1.33**
Risk-free interest rate	**0.75%**	1.31%	**0.65%**	**1.43%**
Expected life (years)	**3.7**	3.8	**4.1**	**4.2**
Expected volatility	**75%**	71%	**73%**	**72%**
Estimated forfeiture rate	**9.1%**	13.3%	**9.1%**	**9.0%**
Expected dividends	**-**	-	**-**	**-**

15. PER SHARE INFORMATION

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Net loss ($000)	**(26,852)**	(9,044)	**(30,253)**	(8,713)
Weighted average Manitok Shares outstanding - basic	**68,749,889**	70,390,367	**67,024,334**	71,736,477
Weighted average Manitok Shares outstanding - diluted	**68,749,889**	70,390,367	**67,024,334**	71,736,477
Net loss per share – basic ($)	**(0.39)**	(0.13)	**(0.45)**	(0.12)
Net loss per share – diluted ($)	**(0.39)**	(0.13)	**(0.45)**	(0.12)

The weighted average diluted Manitok Shares outstanding for the three and six months ended June 30, 2015 excludes 6,474,773 (June 30, 2014 – 5,093,774) stock options that are anti-dilutive. As the Corporation reported a loss for the three and six months ended June 30, 2015 and 2014, the basic and diluted weighted average shares outstanding are the same for those periods.

16. CAPITAL MANAGEMENT

The Corporation's general policy is to maintain a sufficient capital base in order to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Corporation's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations, including potential obligations arising from acquisitions; to maintain a capital structure that allows Manitok to finance its growth strategy using internally-generated cash flow from operating activities and its available debt capacity; and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

Manitok strives to properly exploit its current asset base and to acquire top quality assets. As such, the Corporation is not averse to maintaining a higher ratio of debt to total capital if management determines the assets it is acquiring or the projects it is drilling are of high quality. However, the Corporation manages its capital structure and makes adjustments considering changes in economic conditions and the risk characteristics of the assets. In order to maintain or adjust the capital structure, Manitok may issue new Manitok Shares or debt, obtain other third party funding alternatives, divest of assets or adjust its capital spending to manage current and projected debt levels. Management expects to be able to continue to obtain financing sufficient to meet both its short-term and long-term growth requirements in the current environment.

The Corporation is required to repay the $35.0 million outstanding amount on the non-revolving reducing demand loan as follows

- $5.0 million on or before December 31, 2015;
- $10.0 million on or before March 31, 2016; and
- $20.0 million on or before May 31, 2016.

The following table shows the Corporation's total available credit:

As at	**June 30, 2015**	December 31, 2014
Maximum borrowing base limit		
Revolving operating demand loan facility[1]	**45,000**	90,000
Non-revolving reducing demand loan facility[1]	**35,000**	-
Acquisition and development demand loan facility[2]	**-**	15,000
Long-term financial obligations (note 10)	**14,984**	2,500
	94,984	107,500
Principle amount utilized		
Drawn revolving operating demand loan facility	**(34,949)**	(53,258)
Drawn acquisition and development demand loan facility	**(35,000)**	-
Long-term financial obligations (note 10)	**(14,984)**	(2,500)
Outstanding letters of credit	**(200)**	-
	(85,133)	(55,758)
Undrawn credit facilities	**9,851**	51,742

(1) The Corporation's lender requires quarterly compliance that the working capital ratio (current assets excluding the fair value of financial instruments plus any undrawn portion of the revolving operating demand loan facility divided by current liabilities excluding any current portion of an amount drawn on the credit facilities, the fair value of financial instruments and the deferred premium on financial instruments) is not less than 1:1. As at June 30, 2015, the Corporation's working capital ratio was 2.1:1.

(2) The acquisition and development demand loan facility was restricted and subject to approval by the Corporation's lender, when utilized to assist in the acquisition of producing petroleum and natural gas reserves and/or development of proved non-producing/undeveloped petroleum and natural gas reserves. This facility was canceled in 2015.

The capital structure of the Corporation is as follows:

($000)	**June 30, 2015**	December 31, 2014
Total shareholders' equity[1]	**69,965**	84,333
Total shareholders' equity as a % of total capital	**46%**	52%
Adjusted working capital (surplus) deficit[2]	**(1,575)**	22,795
Drawn on credit facilities	**69,949**	53,258
Long-term financial obligations	**14,984**	2,500
Total net debt	**83,358**	78,553
Total net debt as a % of total capital	**54%**	48%
Total Capital[3]	**153,323**	162,886

(1) Shareholders' equity is defined as share capital plus contributed surplus less the deficit.

(2) Adjusted working capital (surplus) deficit is defined as current assets less current liabilities excluding the amount drawn on the credit facilities, the fair value of financial instruments and the deferred premium on financial instruments.

(3) Total capital is defined as total shareholder's equity plus total net debt.

17. FINANCIAL INSTRUMENTS & RISK MANAGEMENT CONTRACTS

Manitok is exposed to credit risk, liquidity risk and market risk as part of its normal course of business. The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's financial risk management framework and periodically reviews the results of all risk management activities and all outstanding positions. Management identifies and analyzes the risks faced by the Corporation, sets appropriate risk limits and controls, and monitors risks and market conditions and the Corporation's activities.

The Corporation attempts to mitigate commodity price risk through the use of various derivative financial instruments and physical delivery sales contracts to reduce volatility in its financial results and protect its cash flows and capital expenditure program. These instruments are not used for trading or speculative purposes. Manitok has not designated its financial derivative contracts as effective accounting hedges, even though the Corporation considers all commodity contracts to be effective economic hedges. As a result, all such financial derivative contracts are recorded on the Financial Statements at fair value, with the changes in fair value being recognized as an unrealized gain or loss in income or loss.

Financial Derivatives

As at June 30, 2015, the Corporation held the following derivative financial instruments:

Product	Notional Quantity	Term	Reference	Strike Price	Type of Contract	Fair Value ($000)
Oil	1,000 bbls/d	July 1, 2015 to December 31, 2015	CAD$ WTI	$95.00	Swap	3,576
Oil	500 bbls/d	July 1, 2015 to December 31, 2015	CAD$ WTI	$91.00	Swap	1,420
Oil	500 bbls/d	July 1, 2015 to December 31, 2015	CAD$ WTI	$75.00	Swap	(46)
Oil	500 bbls/d	January 1, 2016 to December 31, 2016	CAD$ WTI	$80.15	Swap	442
Oil	500 bbls/d	January 1, 2016 to December 31, 2017	CAD$ WTI	$79.75	Swap	439
Natural gas	1,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.73	Put option(1)	205
Natural gas	5,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.85	Put option(1)	1,132
Natural gas	5,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.85	Put option(1)	1,132
Natural gas	5,000 GJ/d	July 1, 2015 to December 31, 2015	CAD$ AECO	$3.80	Put option(1)	1,088
Oil	1,000 bbls/d	January 1, 2016 to December 31, 2016	CAD$ WTI	$95.00	Option(2)	(153)
Oil	500 bbls/d	January 1, 2016 to December 31, 2016	CAD$ WTI	$91.00	Option(3)	(148)
Oil	500 bbls/d	January 1, 2017 to December 31, 2017	CAD$ WTI	$80.15	Option(4)	(1,144)
Oil	500 bbls/d	January 1, 2018 to December 31, 2018	CAD$ WTI	$79.75	Option(5)	(1,465)
Oil	500 bbls/d	January 1, 2016 to December 31, 2017	CAD$ WTI	$75.00 -$90.00	Collar(6)	1,169
Oil	500 bbls/d	January 1, 2016 to December 31, 2017	CAD$ WTI	$70.00 -$90.00	Collar(7)	489
Total						**8,136**
Current assets						**9,224**
Non-current liabilities						**(1,088)**

(1) Manitok recorded $1.0 million as a deferred premium on financial instruments, which represents the amount payable to the counter-party on these contracts for the deferred put option premium of $0.35/Gigajoule.
(2) The counter-party to this contract holds a one-time option no later than December 31, 2015 to extend a swap on 1,000 barrels per day of oil at CAD$95.00 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.
(3) The counter-party to this contract holds a one-time option no later than December 31, 2015 to extend a swap on 500 barrels per day of oil at CAD$91.00 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.
(4) The counter-party to this contract holds a one-time option no later than December 30, 2016 to extend a swap on 500 barrels per day of oil at CAD$80.15 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.
(5) The counter-party to this contract holds a one-time option no later than December 29, 2017 to extend a swap on 500 barrels per day of oil at CAD$79.75 for the period indicated. The fair value amount represents the cost the Corporation would incur to exit the contract.
(6) Manitok recorded $1.6 million as a deferred premium on financial instruments, which represents the amount payable to the counter-party on this contract for the deferred premium of $4.50 per barrel.
(7) Manitok recorded $1.2 million as a deferred premium on financial instruments, which represents the amount payable to the counter-party on this contract for the deferred premium of $3.15 per barrel.

The fair value of these commodity risk management contracts at June 30, 2015 was $8.1 million (December 31, 2014 –$20.8 million). As at June 30, 2015, a 10% decrease to the forward price curves outlined in the swap contracts above would result in approximately $11.1 million of additional pre-tax income.

The Corporation has not entered into any additional contracts subsequent to June 30, 2015.

Physical Sales Contracts

In addition to the financial derivative contracts discussed above, the Corporation may also enter into physical sales contracts to manage commodity risk. These contracts are considered normal executory contracts and are not recorded at fair value in the Financial Statements. As at June 30, 2015, the Corporation had no physical sales contracts in place and there were no physical sales contracts entered into subsequent to June 30, 2015.

18. COMMITMENTS

Lease Issuance and Drilling Commitment Agreement

In May 2015, the Corporation announced revised terms to the lease issuance and drilling commitment agreement with PrairieSky Royalty Ltd. ("**PSK LIDCA**"). Pursuant to the PSK LIDCA, Manitok is committed to an annual work program including minimum annual drilling and completion expenditures and a minimum annual number of wells drilled, completed and tied-in or abandoned. As at June 30, 2015, the Corporation is committed to the following minimum number of wells and minimum drilling and completion expenditures in the Entice and/or Wayne areas:

	Revised Minimum Commitment		Work Program Incurred		Remaining Minimum Commitment	
Year	Number of wells	Drilling and Completion Expenditures ($000)	Number of wells	Drilling and Completion Expenditures ($000)	Number of wells	Drilling and Completion Expenditures ($000)
2015	2	15,750	-	1,426	2	14,324
2016	8	26,250	-	-	8	26,250
2017	8	31,250	-	-	8	31,250
April 30, 2018	5	18,750	-	-	5	18,750
Total	23	92,000	-	1,426	23	90,574

(1) Based on current oil prices as of August 26, 2015, Manitok would be allowed to defer $10.5 million of the 2015 minimum drilling and completion expenditures to 2016 through to 2018 in accordance with the revised PSK LIDCA agreement, resulting in a $3.8 million remaining commitment for 2015.

PVR Divestiture Capital Commitment

Pursuant to the PVR Divestiture as disclosed in note 8, Manitok is committed to spend a minimum capital commitment of $10.0 million per year in 2016, 2017 and 2018 on drilling, completion, re-completion, workover, equipping and tie-in for production of wells targeting production from the Carseland and/or Wayne areas. This commitment coincides with the PSK LIDCA commitment and is not incremental to that commitment.

Additionally, Manitok has committed to drill at least two gross wells per year in 2016, 2017 and 2018 in the Stolberg area.

Office Rent Commitment

Manitok is committed to operating leases relating to new office space expiring on November 30, 2017 and its old office premises which expires on February 28, 2017. The Corporation has subleased approximately 70% of its old premises to arm's length parties effective from November 1, 2014 for the remainder of the lease term and is currently attempting to sublease the remaining available office space. The Corporation is committed to the following aggregate minimum lease payments including expected operating costs**:**

Year	($000)
2015	1,255
2016	2,514
2017	1,484

Flow-through Share Commitments

The Corporation is committed to incur development expenditures of $0.8 million on or before December 31, 2015, related to the Manitok CDE Flow-through Share issuance completed in June 2015, as indicated in note 12d.

The Corporation is committed to incur exploration expenditures of $6.0 million on or before December 31, 2016, related to the Manitok CEE Flow-through Share issuance completed in June 2015, as indicated in note 12e. Manitok will be subject to Part XII.6 tax based on the prescribed rate on the balance of exploration expenditures not yet incurred at the end of each month subsequent to January 31, 2016.

Facility Fee Commitment

The Corporation is committed to the following annual facility fees associated with agreements for the exclusive use of oil and gas infrastructure:

Year	($000)
2015	1,468
2016	2,937
2017	2,937
2018	2,937
2019	2,937
2020	2,937
2021	2,937
2022	2,937
2023	506

OFFICERS

Massimo M. Geremia
President and Chief Executive Officer

Cameron G. Vouri, P. Eng.
Vice President and Chief Operating Officer

Robert G. Dion, C.A.
Vice President, Finance and Chief Financial Officer

Tim F. Jerhoff, P. Eng.
Vice President, Engineering and Production

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STOCK EXCHANGE LISTING

TSX Venture Exchange
Symbol: MEI.V

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