EMERGING EQUITIES INC.

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October 31, 2011

Manitok Energy Inc.

MEI: TSX-V

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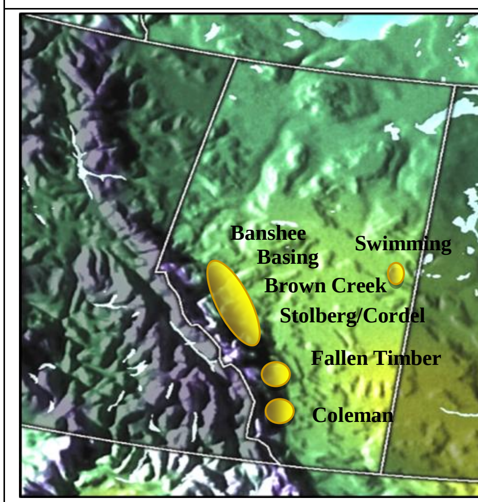
"Enormous Upside Potential"

Recommendation: STRONG BUY | **12 Month Target: $3.40**

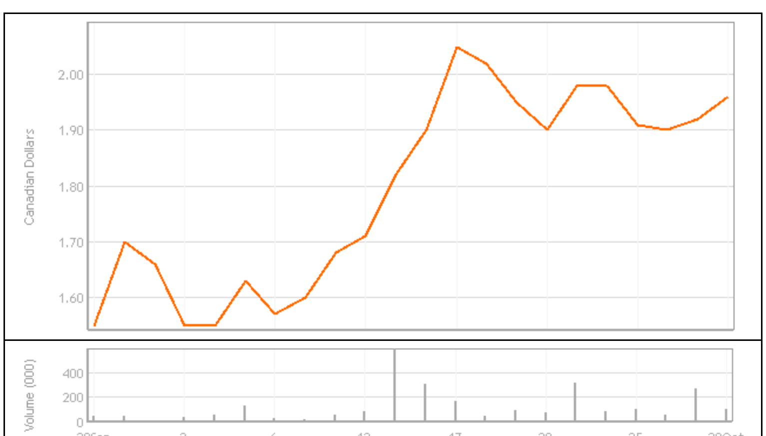
Operations	Q2-2011A*	2011E	2012E
Oil & NGL - BOPD	157	250	1,375
Natural Gas - MCF per Day	630	3,000	12,000
BOE per Day 6:1	262	750	3,375
Reserves (P+P) - MM BOE's***	0.90	7.59	n/a
Net Undeveloped Land (acres)	96,763	152,204	n/a
Financials - $MM			
Revenue (Net of Royalties)	$2.4	$11.0	$54.4
Cash Flow	$0.2	$2.8	$27.3
DACF	$0.2	$3.4	$28.2
Net Debt	-$35.5	$15.4	$23.1
Capital Expenditures (excl. A&D)	$11.1	$22.3	$35.0
Net Asset Value - FD**	$1.16	$2.04	n/a
EPS - FD**	-$0.04	-$0.05	$0.07
CFPS - FD**	$0.00	$0.05	$0.50
DACF per share - FD**	$0.00	$0.07	$0.52
Market Valuations			
P/E - Basic	nmf	nmf	27.5x
P/CF - FD**	nmf	34.0x	3.9x
P/DACF - FD**	nmf	29.6x	3.8x
Net Debt/Cash Flow	nmf	5.4x	0.8x
EV per avg. BOEPD - $M	$180.1	$155.5	$36.8
EV/DACF	119.9x	34.0x	4.4x
Price Assumptions			
WTI - U.S.$ per barrel	$86.23	$92.00	$95.00
Natural Gas - C$ per MCF	$3.70	$3.70	$4.25
Exchange Rate (U.S.$/C$)	n/a	$1.03	$1.00

Market Data	
Last Price (October 28, 2011)	$1.96
52 Week High	$2.50
52 Week Low	$0.95
Share Capital - MM	
Shares Outstanding - Basic	51.7
Shares Outstanding - FD**	54.6
Capitalization - $MM	
Est. Net Debt - October 2011	$15.4
Market Value	$101.3
Enterprise Value	$116.6



Manitok Energy Inc. - Property Overview

Source: Manitok Energy Inc.



*-*Q2 2011A is for six months ended June 30, 2011*
*-**FD share calculations assume all options and warrants.*
****Reserves include acquisition (GLJ & Sproule)*
-Market and Enterprise Values are based on total basic shares outstanding.
-Net Debt includes all debt and working capital.
-DACF is debt adjusted cash flow.
-Oil price assumptions adjusted for corporate differential and natural gas liquids pricing.
-Expected Market Valuations based on MEI-V closing price October 28, 2011. Actual Market Valuations based on weighted average historical MEI-V stock price.

Chart: www.globeinvestor.com

Top 10 Reasons to Own Manitok Energy Inc.:

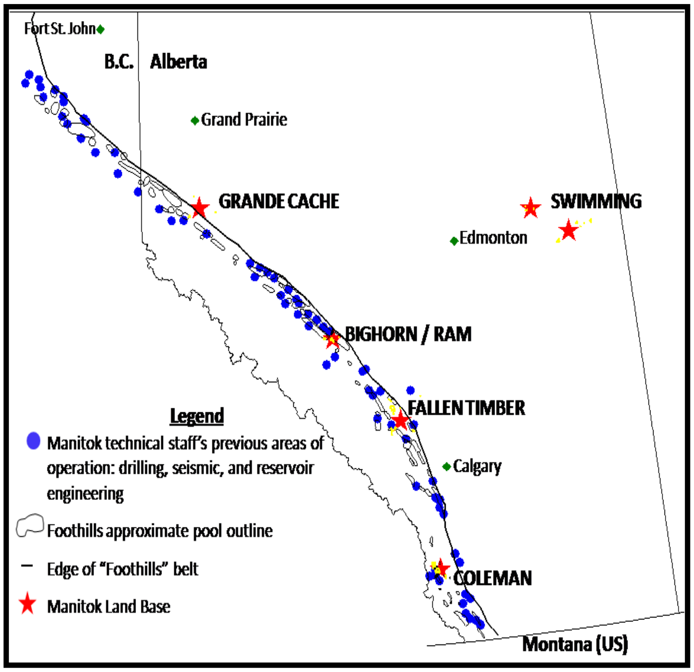
1) Little known junior with exceptional potential in the western Alberta foothills where Manitok has aggregated significant acreage in Stolberg, Fallen Timber, and Coleman.
2) Unique strategy to exploit the foothills horizons largely by-passed by larger oil and gas companies, and let the other juniors compete for the expensive resource plays.
3) Manitok Energy Inc. ("Manitok" or the "Company") has a proven, relatively large technical team with over 100 years of combined foothills drilling experience with one of the largest foothills focused producer in Canada. The management team has previously worked in these large companies (Talisman Energy) and will be able to utilize their expertise, knowledge of the target horizons, and best practices in technology.
4) Huge competitive advantage over other juniors in the foothills (of which there are very few).
5) Plenty of infrastructure capacity for future production.
6) Visible production growth to get to 10,000 boepd in three years from existing extensive land holdings.
7) Manitok with its most recent acquisition is now producing 2,300 boepd with proved reserves of 5,539 mboe, and proved plus probable reserves of 7,592 mboe. Their recent major acquisition shores up substantial running room in Manitok's primary core area in the shallow foothills targeting the Cardium, Dunvegan, and Mannville reservoirs, and provides considerable drilling prospects and a new partner to undertake more deals.
8) Most of the near-term focus will be on drilling for liquids rich gas with drilling targets that have the potential to produce strong cash flow and attractive production profiles, but the Company also has enormous gas prospects to pursue when gas prices recover.
9) Aggressive drilling program will insure that steady operational results will be released.
10) Current valuations are very compelling with the stock trading at only 3.8x 2012 debt adjusted cash flow (DACF) per share fully diluted, and 4.4x enterprise value (EV)/2012E DACF. The stock offers a potential 200% return over the next three years.

Background

Manitok has only been public for 15 months and therefore is not well known among investors. The Company originated though a transaction between Desco Resources Inc. and Manitok Exploration Inc., completed July 8, 2010. Manitok started with their Swimming heavy oil property consisting of 6,600 acres (100% working interest) where they have had drilling success and now produce 400 bopd, with over 30 drilling locations. This was great dependable cash flow 'starter-kit' property to get Manitok up and running. Now Manitok is focused on the larger opportunity of the Alberta Foothills where it can leverage its technical expertise. The Company has quickly and smartly placed itself in the enviable position to rapidly grow production and become a mid-cap producer (over 10,000 boepd) over the next few years.

Ideal Technical Team to Exploit Bypassed Pay in the Foothills.

Figure 1 – Illustration of areas of management team expertise



Most of Manitok's large technical team spent many years with Talisman Energy who was well known as the expert in foothills exploration and development for over 20 years. Collectively, this team has more than 100 years of foothills experience and responsible for billions of dollars of capital spending in the region.

Source: Manitok Energy Inc.

The largely ex-Talisman technical team is comprised of:

Tim de Freitas, Ph.D., VP Exploration & COO
- 24 years experience as a structural geoscientist; 10 years in the Canadian and international foothills including with Talisman and British Gas.
- Responsible for several significant oil and gas discoveries in heavily structured areas in the BC and Alberta foothills.

Bob Quartero, M.Sc. Business Development Manager
- Over 30 years of industry experience of which 21 years with Talisman's foothills group as technical lead or general exploration manager. Bob drilled more than 200 foothills prospects and is credited with discovering over 2 Tcf of natural gas.

Bob Eirikson, Drilling Manager
- Over 30 years of experience with foothills drilling operations.

Kevin Baggott, P. Eng., Engineering Manager
- 6 years with BP Canada in the SW Asset Group (foothills); 24 years of industry experience in Western Canada and the US Gulf Coast.

Greg Feltham, M.SC. Geoscience Manager –Foothills
- 9 years with Talisman's foothill's group where he was responsible for large reserve additions in a variety of complex structured formations including the Cardium.

Tad Iwamoto, Geophysicist
- 15 years experience in the foothills, 8 years with Talisman, and over 30 years of industry experience.

Rob Brown, M.Sc., Geoscience Manager – Plains
- Over 9 years consulting in the foothills with talisman, British Gas, and Petro-Canada; 15 years industry experience.

Massimo Geremia, President and CEO
- Significant industry experience with Birchcliffe Energy and Equatorial Energy.

Why the Alberta Foothills?

In the past, the foothills was largely the domain of the majors which focused their gas drilling activities to the very deep zones of the basin that offered significant potential but at a greater risk and cost. Since the majors largely were "elephant hunting" to make any impact on their companies and to justify the high drilling costs ($10.0MM+ per well), they effectively bypassed the hydrocarbon filled shallower zones. Subsequent drilling success by major oil and gas companies caused the creation of extensive infrastructure (pipelines, gas plants) to produce and sell their gas. Although this situation provided opportunities for smaller companies to enter the game, the entrance fee has remained high as locating and drilling the shallower zones can be technically very difficult. This is is where Manitok has a major competitive advantage. The prize is significant. As previously indicated, wells can have IP rates of 500 to 1,100 boepd with reserves between 500 mboe and 2,000 mboe. These numbers have been risked 70% by management. See Figure 2 below.

Figure 2 – Production and Reserve Profile of Potential Wells on Manitok's Properties

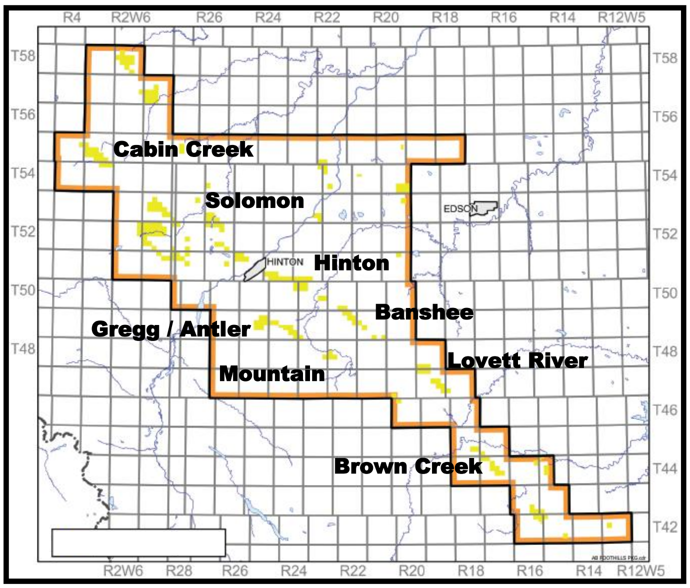
Area	Target Production	Horizon	Potential IP (risked)	Potential Reserves	Cost	NPV 10 BT	Locations (net)	Locations (net) 2011-2012
Stolberg, AB	Light Oil	Cardium	265 bopd	273 Mbbls	$5.1 MM	$6.6 MM	5.0	2.6
Stolberg, AB	Liquids Rich Gas	Mannville	750 boepd	900 Mboe	$6.4 MM	$11.3 MM	3.4	1.9
Coleman, AB	Liquids Rich Gas	Mannville	1,162 boepd	2.019 Mboe	$5.7 MM	$16.9 MM	4.0	2.0
Fallen Timber, AB	Liquids Rich Gas	Cardium/ Mannville	520 boepd	510 Mboe	$5.1 MM	$3.6 MM	10.2	2.0
Swimming, AB	Heavy Oil	Cummings /GP	35 bopd	36 Mbbls	$600k	$498k	30.0	8.0-10.0

Source: Manitok Energy Inc.

Recent Acquisition and Farm-Out

Manitok entered into a purchase and sale agreement press released September 20, 2011 to acquire oil and gas assets in the central Alberta foothills area for cash consideration of $85.0 million ($42.5 million net to Manitok). This acquisition was done jointly with Petrus Resources Ltd (Petrus). Each company will participate with 50% interest in the assets. This acquisition complements Manitok's existing 76,267 net acres (99% working interest) in the central Alberta foothills.

Figure 3 – Recent Acquisition and Farm-Out



Source: Manitok Energy Inc.

Net to Manitok:

- Production of 1,300 boepd (94% gas, 6% light oil)
- 4,998 Mboe proved, and 6,811 Mboe probable
- Land position is 31,652 acres, with 18,281 acres of undeveloped land
- 532.8 km of proprietary 2D seismic
- 20.4% working interest in Hanlan/Robb sweet gas plant with 10 MMcf/day capacity.

Acquisition Metrics (excl. land and seismic):

- $26,662 per flowing barrel
- $7.10 per boe of proved reserves, and $5.18 per boe of proved plus probable reserves.

Farm-out agreement is also with Petrus and consists of 8,320 net acres in Manitok's core area of Stolberg and 14,080 net acres in Fallen Timber. There are eight drill commitments; five in Stolberg and three in Fallen Timber.

This purchase not only more than doubles Manitok's production and net drilling locations but also very well complements its existing 75,000 net acres in the central foothills. As well, the initial drilling targets on the new assets are the same play types that Manitok is currently chasing: Cardium light oil, Cardium liquids-rich gas, and Manville liquids-rich gas.

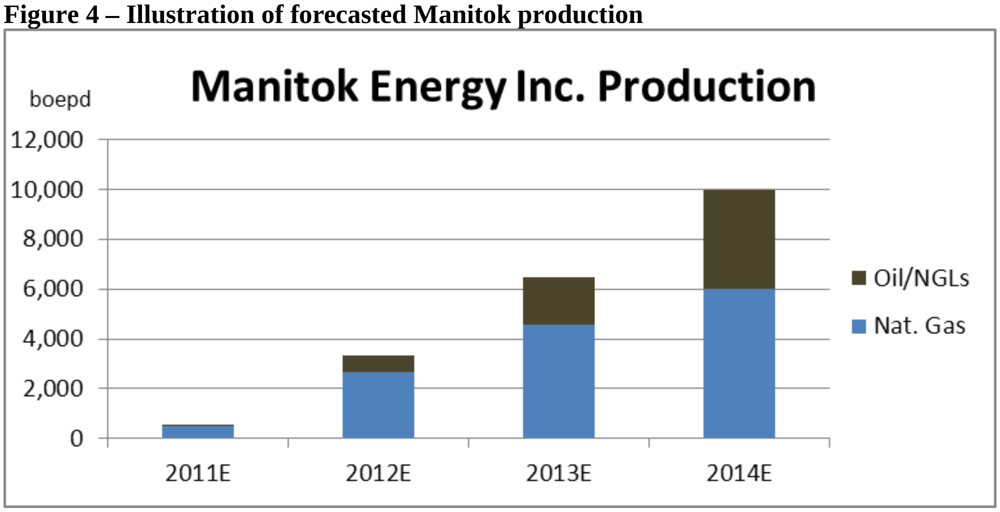
Manitok management believes there is considerable upside from further exploitation of these assets as well as the opportunity to lower gas plant operating costs by increasing throughput.

Virtually Unmatched Production Growth

As shown in the table below, Manitok is in the enviable position to quickly ramp up production over the next few years with the Company's current land base and about 70 drilling locations.

We expect Manitok's production, excluding any future acquisitions, to reach 10,000 boepd by 2014. It is important to note that the percentage of crude oil and natural gas liquids steadily rises to 40% by 2014.

Figure 4 – Illustration of forecasted Manitok production

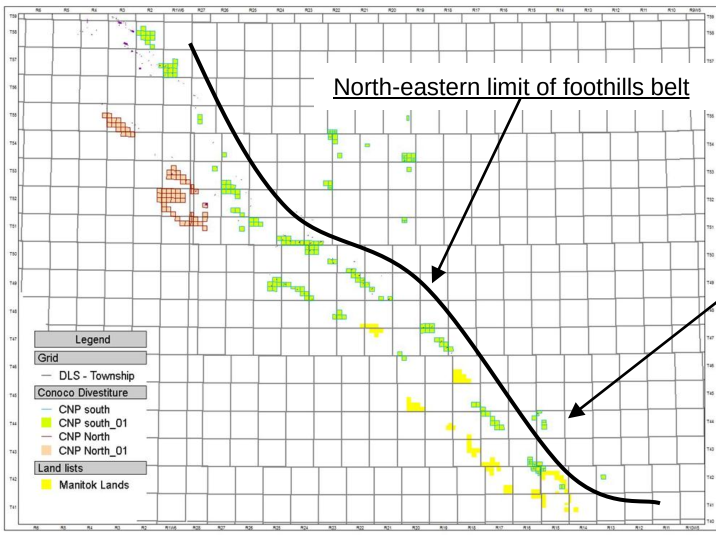


Source: Emerging Equities Capital Markets

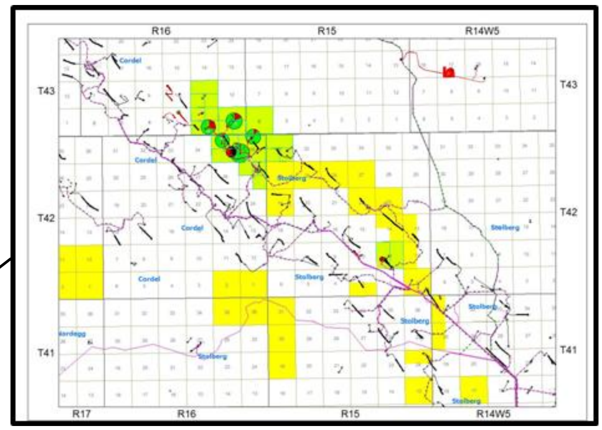
Manitok's Core Foothills Area

Figure 5 shows the entire Canadian foothills belt which offers one of the few remaining regions in the world that is still at an early stage of exploitation of conventional oil and gas reservoirs. Also shown on the map is Manitok's current land base which totals 140,000 net undeveloped acres. The Company's two core areas are Stolberg and Fallen Timber.

Figure 5 – Core Area along Alberta Foothills Belt



Cardium Oil Pool

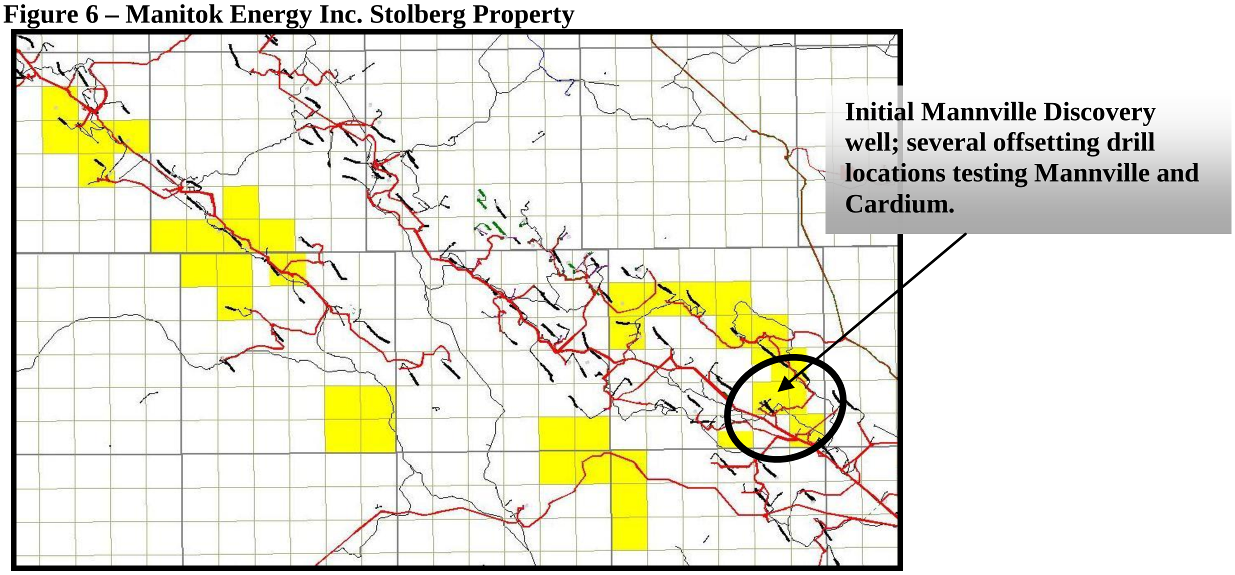


Source: Manitok Energy Inc.

Foothills Operations: Stolberg

This is Manitok's main focus area with net undeveloped lands of 33,440 acres and where the Company had its initial discovery well earlier this year, shown on the map in Figure 6 below.

Figure 6 – Manitok Energy Inc. Stolberg Property



Source: Manitok Energy Inc.

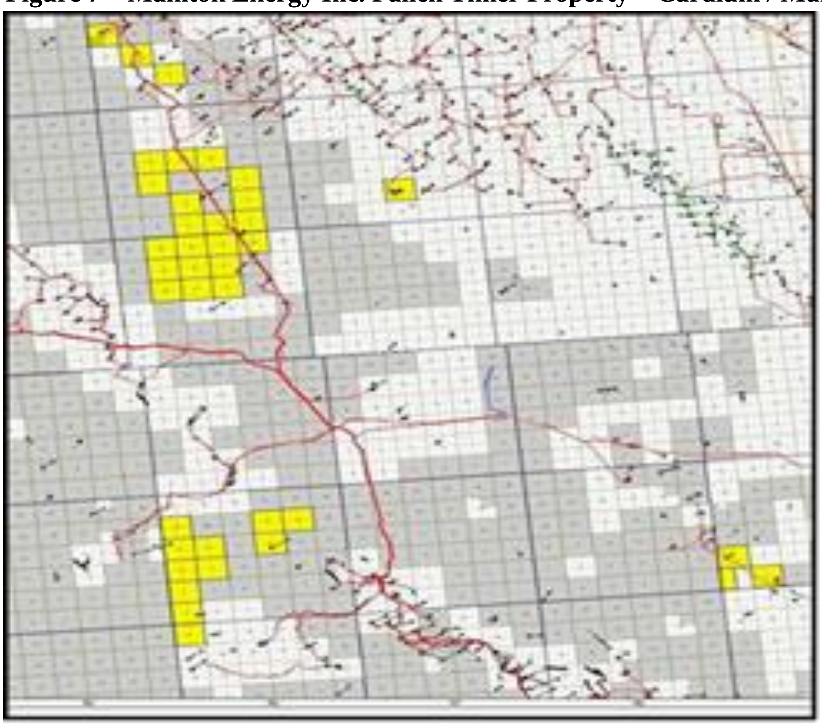
This well is currently producing at 830 boepd (623 net). For the rest of 2011, 100% of the Company's attention will be focused in this area spending $6.0 million on a well spudding a well in early November. Two more Mannville wells (93% WI) are planned for 1H/2012. These wells cost about $6.4 million but successful Mannville wells provide initial rates of 750-1,000 boepd and possibly higher and generate a recycle ratio of over three times.

Stolberg also offers Cardium light oil. The well cost is about $5.1 million and generally delivers initial rates of close to 300 bopd, also with a recycle ratio of three times. Four Cardium wells (2.6 net) for 2012 are planned with up to another five contingent locations based upon drilling success.

Foothills Operations - Fallen Timber

Manitok here is chasing liquids rich gas (up to 80 bbls/MMcf) from the Cardium and Mannville reservoirs. They have sizeable net undeveloped acres along a Cardium trend established by six producing wells, and with over eight drilling locations already identified. These wells cost about $5.0 million with average IP rates of about 500-600 boepd and a 2x recycle ratio. Certainly the recycle ratio will be much higher as natural gas prices recover.

Figure 7 – Manitok Energy Inc. Fallen Timer Property – Cardium / Mannville



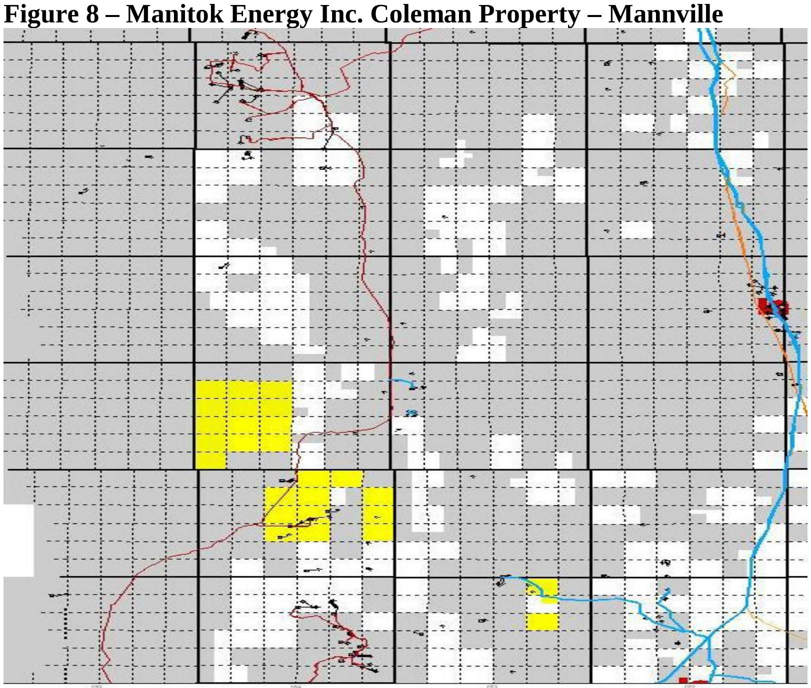
Source: Manitok Energy Inc.

Foothills Operations: Coleman

Coleman is Manitok's "ace in the hole". The potential here is significant dry natural gas reserves, and production. As shown on the map below, the Company's lands lie between two large proven natural gas pools. Manitok believes their lands contain over 40 Bcf of gas in place per section, and they hold 22.25 net sections in the area.

Nevertheless, this play will have to wait until natural gas prices recover over the next couple of years. In the meantime, this allows time for Manitok to cherry pick from their other numerous high-impact plays in the foothills and in a couple years, with higher gas prices and armed with much greater production/cash flow, Coleman will get much more attention and help provide visible growth for the rest of this decade.

Figure 8 – Manitok Energy Inc. Coleman Property – Mannville



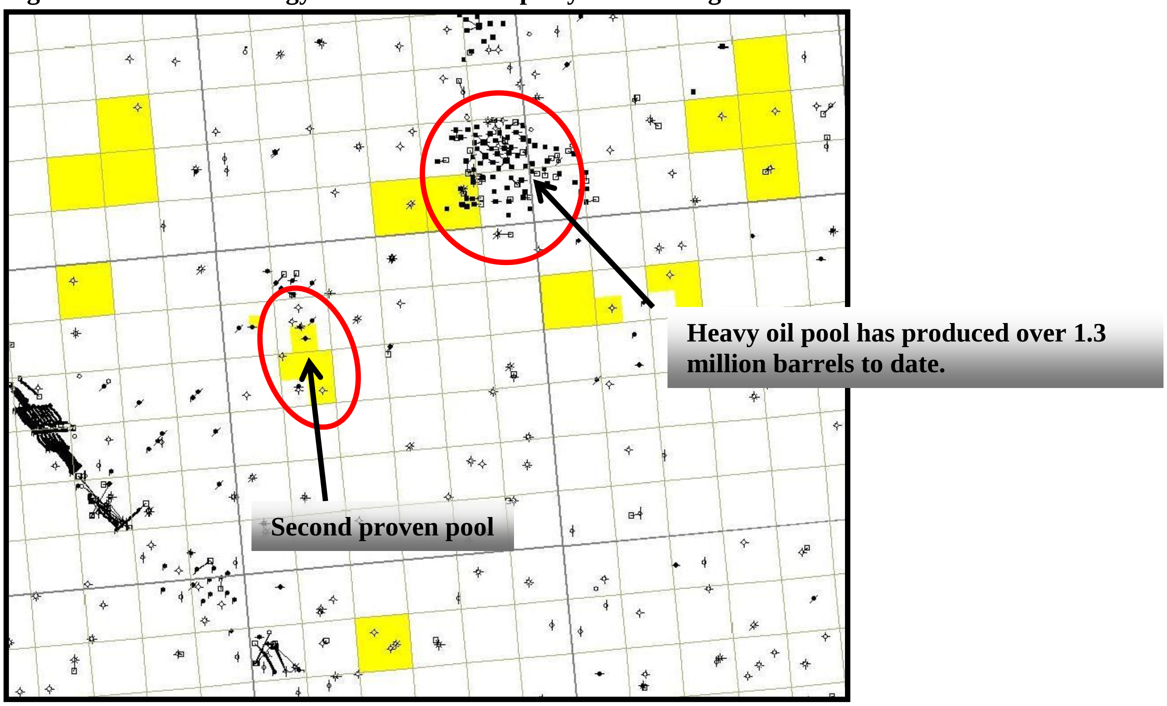
Source: Manitok Energy Inc.

Swimming (Heavy Oil)

Swimming is a heavy oil play in east central Alberta that was the first producing asset for Manitok, The 'starter kit' property has produced reliable cash flow while management was building its core area in the Alberta foothills. Current production is about 210 bopd from seven wells, 11,600 acres (100% WI). Manitok has two proven heavy oil pools, one offsetting 1.3 million barrels of production. Over 30 drilling locations have been identified with multi-zone potential. The Company recently drilled six wells which should add 200 bopd and two possible new pool discoveries.

This is no longer a focus area and Manitok may dispose of this property to deploy the capital to their Alberta foothills operations or swap for foothills properties.

Figure 9 – Manitok Energy Inc. Coleman Property – Cummings/GP

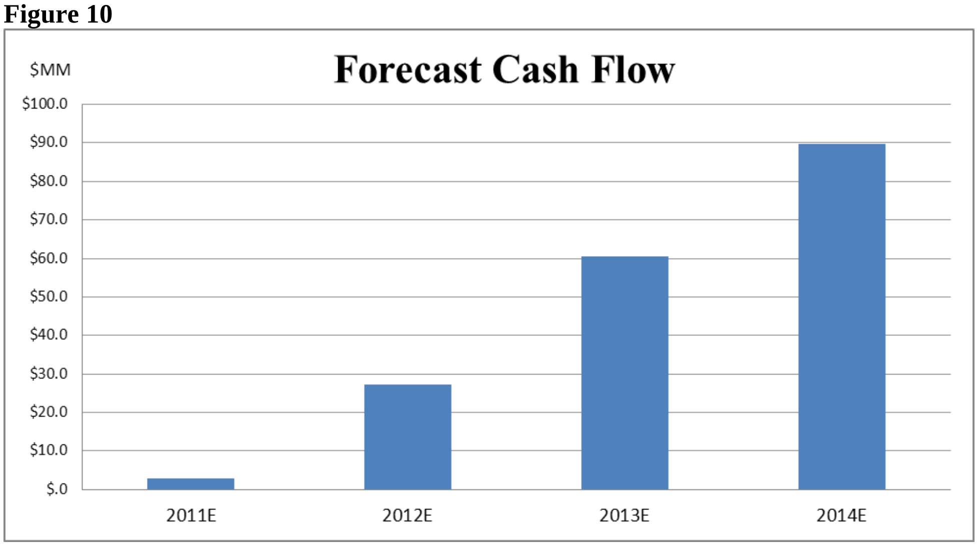


Source: Manitok Energy Inc.

Valuation

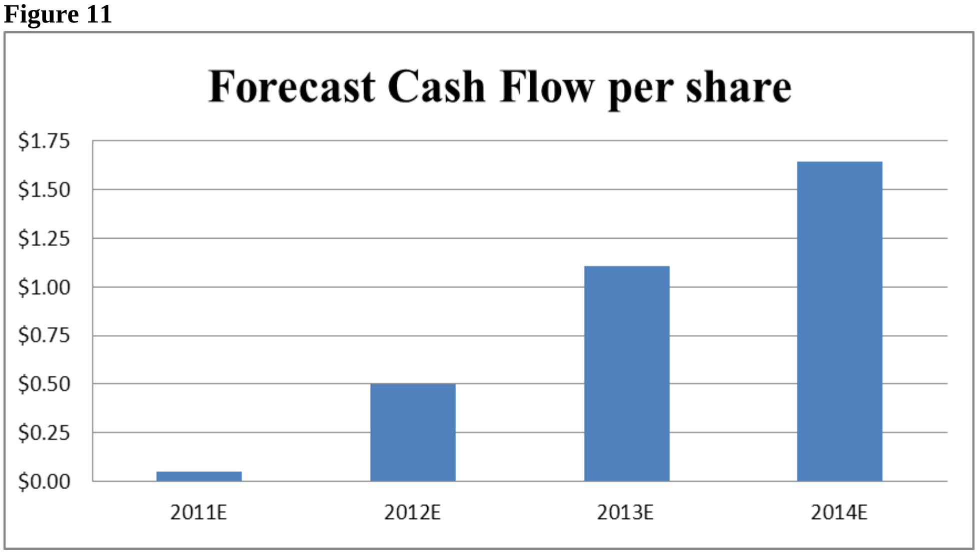
The two tables below present our projected cash flow (Figure 10) and cash flow per share (Figure 11) for Manitok through 2014. While drilling results and oil and gas prices are extremely variable, even in the short-term, we are quite confident that with Manitok's strong technical team, a great land base in the foothills, and our view of steadily improving North American gas prices, these cash flow estimates will be met or even surpassed. We note that we have assumed no further accretive acquisitions will be made by the Company to add to their production and cash flow.

Figure 10



Source: Emerging Equities Inc. Capital Markets

Figure 11



Source: Emerging Equities Inc. Capital Markets

Valuation metrics using current data illustrate that Manitok's current stock price is fairly valued in the market place. Emerging Equities Inc. uses market based valuations based on the publicly traded companies and corporate transactions in the oil and gas sector and takes an arithmetic average of all the selected metrics. This more often than not gives the ability to see if a stock is over or under-valued to its peer group. See Figure 12 below.

Figure 12 – Manitok Energy Inc. Valuation Metrics

Description	Valuation	
Cash Flow Multiple (7.0x @ $18 Netback)	$	1.61
Flowing Barrel Metric ($55k)	$	1.99
Net Reserves Value (@$15 per boe)	$	1.76
Adjusted P+P NAV (@$15 per boe; incl. land)	$	2.21
Adjusted Proven NAV (@$20 per boe; incl. land)	$	2.16
Fully Diluted NAV (incl. land) Sproule-GLJ	$	2.04
Arithmetic Mean	$	2.01

Source: Emerging Equities Inc. Capital Markets

Given the metrics above a range of prices are proposed in Figure 13 below with implied metrics for each price level. The junior comparisons in the Q2 2011 Iradesso Quarterly have a calculated average EV per boepd of $74,834 per barrel with average production of 2,584 boepd. Relative to this valuation Manitok at around $2.00 looks like an attractive entry point.

Figure 13 – Manitok Energy Inc. Implied Metrics at Indicated Stock Prices

	Implied Metrics @ Share Price Scenarios				
Share Price	$ 1.80	$ 2.00	$ 2.20	$ 2.40	$ 2.60
Premium to current	-6%	5%	15%	26%	36%
EV per Flowing Barrel (2300 boepd)	$ 50,437	$ 55,220	$ 60,003	$ 64,786	$ 69,569
Reserve Value (EV/2P)	$ 15.3	$ 16.7	$ 18.2	$ 19.6	$ 21.1
EV multiple (@$18 netback)	7.1	7.7	8.4	9.1	9.7

Source: Emerging Equities Inc. Capital Markets

Recommendation and Conclusion

There are many junior oil and gas producers that operate in the Western Canadian Sedimentary Basin, however there are very few that offer any similarities to Manitok. In every respect, Manitok's current share price can be considered great value, despite the fact that it has risen in recent weeks. Manitok is rapidly ramping up reserves and production. Growth stories like Manitok usually trade at a premium, and once this story has a following, it will also demand a premium. Therefore we feel the current stock price level is a great entry point.

Emerging Equities Inc. is initiating coverage of Manitok Energy Inc. with a **STRONG BUY** recommendation and a 12 month target price of **$3.40.** This represents a 6.6x P/2012E DACF based on $0.52 per share fully diluted, and a 7.0x EV/2012E DACF. Over the next few years, assuming Manitok delivers the strong operational results presented in this report, the Company should earn a multiple expansion. We would not be surprised if the share price reaches well over $6.00 by 2014.

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Risk: Based upon several different parameters including but not limited to stock price volatility, asset diversification, geographical location, exploration orientation, EEI assigns a risk profile to each recommendation as either Medium risk or High risk**. Potential Return:** Based on a 12- month period unless otherwise stated, potential return is a function of relative cash flow multiples, relative net asset value, cash flow and production growth potential, as well as capital composition.

	Potential Return	Risk	Ratings Distribution
STRONG BUY:	30% or more	Medium	100%
STRONG SPECULATIVE BUY	30% or more	High	0%
SPECULATIVE BUY:	20% or more	High	0%
BUY:	20% or more	Medium	0%
HOLD:	10% or more	Medium	0%
REDUCE:	10% or less	Medium	0%
RESTRICTED:	Involved in Investment banking		

ANALYST DISCLOSURE	Yes or No
At the date of the Research Report, does the Analyst hold a position in the stock?	No
Has the Analyst received, directly or indirectly, compensation in exchange for expressing the specified recommendations?	No
The Analyst certifies that the views expressed in this report are his own.	Yes
Is EEI a market maker for the Company or income trust?	No
Does Emerging Equities beneficially own more than 1% of any class of the issuer’s common stock (as of the most recent month end)?	No
Does any director, officer, employee of EEI or member of their household serve as a director or officer or advisory capacity to the issuer? (If so, list name):	No

	Yes or No
Does EEI or the analyst have any material conflicts with the issuer? If so, explain:	No
Has EEI received remuneration for investment banking and/or related services from the issuer during the past 12-months?	No
Has EEI provided the issuer with non-investment banking securities-related services in the past 12-months?	No
Has EEI managed or co-managed an offering of securities by the issuer in the past 12-months?	No
Has the analyst viewed the material operations of the issuer? If so, explain:	No

Note: EEI may receive or intends to seek compensation for investment banking services from all issuers under research coverage within the following three months.

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