# MANITOU GOLD INC.
# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
# THREE MONTHS ENDED MARCH 31, 2016
# (EXPRESSED IN CANADIAN DOLLARS)
# (UNAUDITED)

**Notice To Reader**

The accompanying unaudited condensed consolidated interim financial statements of Manitou Gold Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

## Manitou Gold Inc.
**Condensed Consolidated Interim Statements of Financial Position**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | | As at March 31, 2016 | | As at December 31, 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents (note 4) | **$** | **154,782** | $ | 255,875 |
| Amounts receivable and other assets (note 5) | | **25,668** | | 12,922 |
| **Total assets** | **$** | **180,450** | $ | 268,797 |
| **Liabilities and Shareholders' Equity** | | | | |
| **Current liabilities** | | | | |
| Amounts payable and other liabilities (notes 6 and 12) | **$** | **22,294** | $ | 34,093 |
| **Total liabilities** | | **22,294** | | 34,093 |
| **Shareholders' equity** | | | | |
| Share capital (note 7) | | **13,787,893** | | 13,787,893 |
| Contributed surplus | | **106,500** | | 102,000 |
| Deficit | | **(13,736,237)** | | (13,655,189) |
| **Total shareholders' equity** | | **158,156** | | 234,704 |
| **Total shareholders' equity and liabilities** | **$** | **180,450** | $ | 268,797 |

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Nature of Operations and Going Concern (note 1)
Contingencies (note 13)

**Approved on behalf of the Board:**

"Ron Arnold" Director (Signed)

"Guy Mahaffy" Director (Signed)

## Manitou Gold Inc.

**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | Three months Ended March 31, 2016 | Three months Ended March 31, 2015 |
|---|---|---|
| General and administrative expense | | |
| Office and general (note 12) | **$ 61,146** | $ 47,791 |
| Professional fees (note 12) | **2,684** | 23,175 |
| Exploration and evaluation expenditures (note 11) | **13,030** | 13,878 |
| Project generation and evaluation | **-** | 508 |
| Amortization | **-** | 2,294 |
| Share-based payments (note 9(i)) | **4,500** | - |
| | **81,360** | 87,646 |
| Loss before interest income | **(81,360)** | (87,646) |
| Interest income | **312** | - |
| **Net loss and comprehensive loss for the period** | **$ (81,048)** | $ (87,646) |
| **Net loss and comprehensive loss per share - basic and diluted** | **$ (0.00)** | $ (0.00) |
| **Weighted average number of shares outstanding - basic and diluted** (note 10) | **55,022,411** | 55,022,411 |

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

## Manitou Gold Inc.
**Condensed Consolidated Interim Statements of Cash Flows**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | Three months Ended March 31, 2016 | Three months Ended March 31, 2015 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the period | **$ (81,048)** | $ (87,646) |
| Adjustments for: | | |
| Amortization | **-** | 2,294 |
| Share-based payments (note 9(i)) | **4,500** | - |
| Changes in non-cash working capital items: | | |
| Amounts receivable and other assets | **(12,746)** | (7,582) |
| Amounts payable and other liabilities | **(11,799)** | (69,618) |
| **Net cash used in operating activities** | **(101,093)** | (162,552) |
| **Net change in cash and cash equivalents** | **(101,093)** | (162,552) |
| **Cash and cash equivalents, beginning of period** | **255,875** | 813,985 |
| **Cash and cash equivalents, end of period** | **$ 154,782** | $ 651,433 |

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

## Manitou Gold Inc.

**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars)**
**Unaudited**

**Equity attributable to shareholders**

| | Share Capital | Warrants | Contributed Surplus | Deficit | Total |
|---|---|---|---|---|---|
| **Balance, December 31, 2014** | **$ 13,787,893** | **$ 24,500** | **$ -** | **$ (13,181,207)** | **$ 631,186** |
| Net loss for the period | - | - | - | (87,646) | (87,646) |
| **Balance, March 31, 2015** | **$ 13,787,893** | **$ 24,500** | **$ -** | **$ (13,268,853)** | **$ 543,540** |
| | | | | | |
| **Balance, December 31, 2015** | **$ 13,787,893** | **$ -** | **$ 102,000** | **$ (13,655,189)** | **$ 234,704** |
| Share-based payments (note 9(i)) | - | - | 4,500 | - | 4,500 |
| Net loss for the period | - | - | - | (81,048) | (81,048) |
| **Balance, March 31, 2016** | **$ 13,787,893** | **$ -** | **$ 106,500** | **$ (13,736,237)** | **$ 158,156** |

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

## 1. Nature of Operations and Going Concern

Manitou Gold Inc. (the “Company”) was incorporated under the Business Corporations Act (Ontario) and is engaged in the business of locating and exploring mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company’s registered office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5.

These unaudited condensed consolidated interim financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company is at an exploration stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. The Company has incurred losses in previous periods, with a current net loss of $81,048 for the three months ended March 31, 2016 (three months ended March 31, 2015 - $87,646) and has an accumulated deficit of $13,736,237 as at March 31, 2016 (December 31, 2015 - $13,655,189). The Company had working capital of $158,156 at March 31, 2016 (December 31, 2015 - $234,704).

However, the existing funds may not be sufficient to explore potential exploration project acquisitions and in due course, further funding will be required. In the event that the Company is unable to secure further financing it may not be able to complete the development of its projects.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty.

Due to continuing operating losses and limited working capital, the Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The unaudited condensed consolidated interim financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

**(Expressed in Canadian Dollars)**

## 2. Significant Accounting Policies

### Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of May 5, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2015, except as disclosed in note 3. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed consolidated interim financial statements. These adjustments could be material.

### Recent Accounting Pronouncements

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

## 3. Change in Accounting Policy

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard required a specific disclosure, materiality considerations do apply. At January 1, 2016, the Company adopted this standard and there was no material impact on the Company's unaudited condensed consolidated interim financial statements.

## 4. Cash and Cash Equivalents

| | As at March 31, 2016 | As at December 31, 2015 |
|---|---|---|
| Cash | **$ 3,860** | $ 4,780 |
| Guaranteed investment certificates ("GIC's") | **150,922** | 251,095 |
| Total | **$ 154,782** | $ 255,875 |

The GIC's earn interest at prime rate less 2.0% (2015 - prime rate less 2.0%), mature one year from the date of purchase and are redeemable at the option of the Company at any time.

**(Expressed in Canadian Dollars)**

## 5. Amounts Receivable and Other Assets

| | As at March 31, 2016 | As at December 31, 2015 |
|---|---|---|
| Sales tax receivable - (Canada) | **$ 4,970** | $ 3,458 |
| Prepaid expenses | **20,698** | 9,464 |
| Total | **$ 25,668** | $ 12,922 |

## 6. Amounts Payable and Other Liabilities

| | As at March 31, 2016 | As at December 31, 2015 |
|---|---|---|
| Falling due within the period | | |
| Trade payables | **$ 16,210** | $ 9,593 |
| Accrued liabilities | **6,084** | 24,500 |
| Total | **$ 22,294** | $ 34,093 |

## 7. Share Capital

(a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Common shares issued

At March 31, 2016, the issued share capital amounted to $13,787,893. The changes in issued share capital for the periods presented were as follows:

| | Number of Shares | Amount |
|---|---|---|
| **Balance at December 31, 2014, March 31, 2015, December 31, 2015, and March 31, 2016** | **55,022,411** | **$ 13,787,893** |

**(Expressed in Canadian Dollars)**

## 8. Warrants

The following table reflects the continuity of warrants for the periods ended March 31, 2016 and 2015:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance at December 31, 2014 and March 31, 2015** | **1,000,000** | **$ 0.50** |
| **Balance at December 31, 2015 and March 31, 2016** | **-** | **$ -** |

## 9. Stock Options

The Company has a formal stock option plan (the "Plan"). The Plan is referred to as a "floating" plan and provides for an aggregate number of shares reserved for issuance of up to 10% of the Company's issued common shares at the time of the grant of a stock option under the Plan. Options granted under the Plan generally vested upon issuance.

The following table reflects the continuity of stock options for the periods ended March 31, 2016 and 2015:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| **Balance at December 31, 2014 and March 31, 2015** | **-** | **$ -** |
| **Balance at December 31, 2015** | **4,000,000** | **$ 0.10** |
| Stock options granted (i) | 250,000 | 0.10 |
| **Balance at March 31, 2016** | **4,250,000** | **$ 0.10** |

(i) On February 12, 2016, the Company granted 250,000 stock options to a consultant of the Company. All options are exercisable at a price of $0.10 per common share. The options vest immediately and expire in two years. The grant date fair value of $4,500 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $0.03, expected dividend yield of 0%, expected volatility of 169% which is based on historical volatility of the Company's share price, risk-free rate of return of 0.44% and an expected maturity of 2 years. For the three months ended March 31, 2016, $4,500 was expensed to share-based payments (three months ended March 31, 2015 - $nil).

The Company had the following stock options outstanding as of March 31, 2016:

| Number of Options Outstanding | Number of Options Exercisable | Exercise Price ($) | Weighted Average Remaining Contractual Life (years) | Expiry Date |
|---|---|---|---|---|
| 4,000,000 | 4,000,000 | 0.10 | 1.23 | June 24, 2017 |
| 250,000 | 250,000 | 0.10 | 1.87 | February 12, 2018 |
| 4,250,000 | 4,250,000 | 0.10 | 1.27 | |

**(Expressed in Canadian Dollars)**

## 10. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2016 was based on the loss attributable to common shareholders of $81,048 (three months ended March 31, 2015 - $87,646) and the weighted average number of common shares outstanding of 55,022,411 (three months ended March 31, 2015 - 55,022,411) for basic and diluted loss per share. Diluted loss per share did not include the effect of warrants and options for the three months ended March 31, 2016 and 2015, as they are anti-dilutive.

## 11. Exploration and Evaluation Expenditures

| | Three months Ended March 31, 2016 | Three months Ended March 31, 2015 |
|---|---|---|
| Kenwest | **$ 9,626** | $ 4,675 |
| Sherridon | **738** | - |
| Gaffney | **2,666** | 9,203 |
| | **$ 13,030** | $ 13,878 |

## 12. Related Party Balances and Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

During the three months ended March 31, 2016, the Company paid professional fees and disbursements of $7,870 (three months ended March 31, 2015 - $9,581) to Marrelli Support Services Inc. (“Marrelli Support”), an organization of which Carmelo Marrelli is President. Carmelo Marrelli is the Chief Financial Officer (“CFO”) of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at March 31, 2016, Marrelli Support was owed $nil (December 31, 2015 - $nil).

During the three months ended March 31, 2016, the Company paid professional fees and disbursements of $3,077 (three months ended March 31, 2015 - $4,681) to DSA Corporate Services Inc. (“DSA”), an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operation of corporate secretarial matters. As at March 31, 2016, DSA was owed $2,172 (December 31, 2015 - $2,453) and these amounts were included in amounts payable and other liabilities.

Under an office rental agreement beginning July 2015 with a company controlled by a director of the Company, the Company is committed to a monthly rental payment of $1,500 until June 2016. However, this amount has been reduced to $1,000 per month beginning February 2016. During the three months ended March 31, 2016, the Company paid rent of $3,500 to the director's company.

## 12. Related Party Balances and Transactions (continued)

Salaries paid to key management personnel for the three months ended March 31, 2016 totaled $28,495 (three months ended March 31, 2015 - $28,885). Key management personnel are comprised of the Company's President and Chief Executive Officer ("CEO"), the Company's CFO and directors. The Board of Directors do not have employment or service contracts with the Company. Directors and officers are entitled to stock options for their services. As at March 31, 2016, key management personnel were owed $nil (December 31, 2015 - $nil).

To the knowledge of the directors and officers of the Company, as at March 31, 2016 and December 31, 2015, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all the common shares of the Company.

As of March 31, 2016, directors and officers of the Company control an aggregate of 3,925,000 common shares (December 31, 2015 - 3,298,000 common shares) or approximately 7.13% of the shares outstanding (December 31, 2015 - 5.99% of the shares outstanding). These holdings can change at any time at the discretion of the owner.

See note 13 for details regarding a change of control provision with a related party.

## 13. Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with government agencies, suppliers, consultants, and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

### Environmental contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### Employment Agreement

Pursuant to an executive employment agreement with the CEO, in the event of termination, the CEO is entitled to 12 months' base salary plus a further month's salary for each completed year of service since May 1, 2015. In the event of a change of control of the Company, the CEO is entitled to receive a payment equal to 24 months' base salary in the sum of $168,000.

## 14. Segmented Information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed consolidated interim financial statements also represent segment amounts.

# Manitou Gold Inc.

**Condensed Consolidated Interim Schedule of Exploration and Evaluation Expenditures**
**(Expressed in Canadian Dollars)**
**Three Months Ended March 31, 2016**
**Unaudited**

| | Canamerica<br>$ | Gaffney<br>$ | Kenwest<br>$ | Total<br>$ |
|---|---|---|---|---|
| Acquisition costs | | | | |
| Property taxes | - | 821 | 1,902 | 2,723 |
| Exploration expenditures | | | | |
| Field supplies and consumables | - | - | 216 | 216 |
| Travel and accommodation | - | - | 395 | 395 |
| Wages and benefits | 738 | 1,845 | 7,113 | 9,696 |
| | 738 | 1,845 | 7,724 | 10,307 |
| Total exploration and evaluation expenditures | 738 | 2,666 | 9,626 | 13,030 |

# Manitou Gold Inc.

**Condensed Consolidated Interim Schedule of Exploration and Evaluation Expenditures (Continued)**
**(Expressed in Canadian Dollars)**
**Three Months Ended March 31, 2015**
**Unaudited**

| | Gaffney $ | Kenwest $ | Total $ |
|---|---|---|---|
| Acquisition costs | | | |
| Property taxes | 110 | 2,913 | 3,023 |
| Exploration expenditures | | | |
| Field supplies and consumables | 1,606 | - | 1,606 |
| Wages and benefits | 7,487 | 1,762 | 9,249 |
| | 9,093 | 1,762 | 10,855 |
| Total exploration and evaluation expenditures | 9,203 | 4,675 | 13,878 |