MANITOU GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Manitou Gold Inc.

We have audited the accompanying consolidated financial statements of Manitou Gold Inc. which comprise the consolidated statements of financial position as at December 31, 2014, December 31, 2013 and January 1, 2013 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2014 and December 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Manitou Gold Inc. as at December 31, 2014, December 31, 2013 and January 1, 2013 and its financial performance and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants
Chartered Accountants
April 17, 2015

Manitou Gold Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2014	As at December 31, 2013 (note 4)	As at January 1, 2013 (note 4)
ASSETS			
Current assets			
Cash and cash equivalents (note 7)	**$ 813,985**	$ 1,373,821	$ 2,563,695
Amounts receivable and other assets (note 8)	**11,968**	125,633	81,839
Total current assets	**825,953**	1,499,454	2,645,534
Non-current assets			
Equipment (note 9)	**29,428**	34,418	45,852
Total non-current assets	**29,428**	34,418	45,852
Total assets	**$ 855,381**	$ 1,533,872	$ 2,691,386
Liabilities and Shareholders' Equity			
Current liabilities			
Amounts payable and other liabilities (note 10)	**$ 224,195**	$ 31,781	$ 106,359
Total liabilities	**224,195**	31,781	106,359
Shareholders' equity			
Share capital (note 11)	**13,787,893**	13,779,143	13,657,143
Warrants (note 12)	**24,500**	1,963,679	2,343,029
Contributed surplus	**4,541,512**	2,602,333	2,058,283
Deficit	**(17,722,719)**	(16,843,064)	(15,473,428)
Total shareholders' equity	**631,186**	1,502,091	2,585,027
Total shareholders' equity and liabilities	**$ 855,381**	$ 1,533,872	$ 2,691,386

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

Nature of Operations and Going Concern (note 1)
Contingencies (note 19)
Subsequent Event (note 21)

Approved on behalf of the Board:

"Ron Arnold" Director (Signed)

"Wayne Whimark" Director (Signed)

Manitou Gold Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2014	Year ended December 31, 2013 (note 4)
General and administrative expense		
Office and general	**$ 400,195**	$ 288,265
Professional fees	**35,796**	64,490
Exploration and evaluation expenditures (note 15)	**441,993**	872,548
Project generation and evaluation	**5,438**	16,476
Amortization (note 9)	**11,222**	11,434
	894,644	1,253,213
Loss before net finance charges	**(894,644)**	(1,253,213)
Net finance charges		
Interest income	**14,989**	23,777
Net loss and comprehensive loss for the year	**$ (879,655)**	$ (1,229,436)
Net loss and comprehensive loss per share - basic and diluted	**$ (0.02)**	$ (0.02)
Weighted average number of shares outstanding - basic and diluted (note 14)	**55,009,466**	53,868,850

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

Manitou Gold Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2014	Year ended December 31, 2013 (note 4)
Operating activities		
Net loss for the year	**$ (879,655)**	$ (1,229,436)
Adjustments for:		
Amortization	**11,222**	11,434
Shares issued on acquisition of property rights	**8,750**	142,000
Warrants issued on acquisition of property rights	**-**	24,500
Changes in non-cash working capital items:		
Amounts receivable and other assets	**113,665**	(43,794)
Amounts payable and other liabilities	**192,414**	(74,578)
Net cash used in operating activities	**(553,604)**	(1,169,874)
Investing activities		
Purchase of equipment	**(6,232)**	-
Net cash used in investing activities	**(6,232)**	-
Financing activities		
Issuance of share capital, net of share issue costs	**-**	(20,000)
Net cash used in financing activities	**-**	(20,000)
Net change in cash and cash equivalents	**(559,836)**	(1,189,874)
Cash and cash equivalents, beginning of year	**1,373,821**	2,563,695
Cash and cash equivalents, end of year	**$ 813,985**	$ 1,373,821

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

Manitou Gold Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

Equity attributable to shareholders

	Share Capital	Warrants	Contributed Surplus	Deficit (note 4)	Total
Balance, January 1, 2013	**$ 13,657,143**	**$ 2,343,029**	**$ 2,058,283**	**$ (15,473,428)**	**$ 2,585,027**
Shares issued on acquisition of property rights	142,000	-	-	-	142,000
Share issue costs	(20,000)	-	-	-	(20,000)
Warrants issued on acquisition of property rights	-	24,500	-	-	24,500
Expiration of warrants	-	(544,050)	544,050	-	-
Extension of warrants	-	140,200	-	(140,200)	-
Net loss for the year	-	-	-	(1,229,436)	(1,229,436)
Balance, December 31, 2013	**13,779,143**	**1,963,679**	**2,602,333**	**(16,843,064)**	**1,502,091**
Shares issued on acquisition of property rights	8,750	-	-	-	8,750
Expiration of warrants	-	(1,939,179)	1,939,179	-	-
Net loss for the year	-	-	-	(879,655)	(879,655)
Balance, December 31, 2014	**$ 13,787,893**	**$ 24,500**	**$ 4,541,512**	**$ (17,722,719)**	**$ 631,186**

The accompanying notes to the consolidated 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 101-957 Cambrian Heights Drive, Sudbury, Ontario.

These consolidated 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 $879,655 for the year ended December 31, 2014 (year ended December 31, 2013 - $1,229,436) and has an accumulated deficit of $17,722,719 as at December 31, 2014 (December 31, 2013 - $16,843,064). In addition, the Company had working capital of $601,758 at December 31, 2014 (December 31, 2013 - $1,467,673).

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 endeavors 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 consolidated 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.

2. Significant Accounting Policies

Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The consolidated financial statements for the year ended December 31, 2014 (including comparatives) were approved and authorized for issue by the Board of Directors on April 17, 2015.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

2. Significant Accounting Policies (continued)

Basis of Consolidation

These financial statements include the accounts of the Company and of its subsidiary Kenwest Mines Limited. Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and highly liquid money market investments such as bankers acceptance notes, treasury bills and guaranteed investment certificates, with a maturity of three months or less, or are cashable at any time.

Financial Instruments

The Company classifies all financial instruments as either held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale or other financial liabilities.

Held-to-maturity financial assets are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to net loss in the period in which they arise.

FVTPL financial instruments are carried at fair value with changes in fair value charged or credited to net loss in the period in which they arise.

Loans and receivables are initially recognized at their fair values, with any resulting premium or discount from the face value being amortized to loss using the effective interest method. Impairment losses are charged to net loss in the period in which they arise.

Available-for-sale financial instruments are carried at fair value with changes in the fair value charged or credited to other comprehensive income. Impairment losses are charged to net loss in the period in which they arise.

Other financial liabilities are initially measured at cost or amortized cost, net of transaction costs and any embedded derivatives that are not closely related to the financial liability, depending upon the nature of the instrument with any resulting premium or discount from the face value being amortized to net loss using the effective interest method.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its financial instruments as follows:

Financial Instrument	Classification	Fair Value Hierarchy
Cash and cash equivalents	FVTPL	Level 1
Amounts payable and other liabilities	Other liabilities	

2. Significant Accounting Policies (continued)

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Amortization is provided at rates calculated to write off the cost, less their estimated residual value, using the declining balance method at the following various rates:

Equipment	- 20%, declining balance basis
Office furniture	- 20%, declining balance basis
Computer hardware	- 30%, declining balance basis
Vehicles	- 30%, declining balance basis

Computer software is amortized on a straight line basis at a rate of 100% per annum.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Residual values, estimated useful lives and amortization methods are reviewed at least annually.

Mining Interests

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

2. Significant Accounting Policies (continued)

Impairment

The carrying value of all categories of equipment is reviewed at each reporting date for impairment whenever events or circumstances indicate the recoverable amount may be less than the carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, less costs of disposal. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

An impairment loss is recognized when the carrying value of an asset held for use exceeds its estimated recoverable amount. Impairment losses are recognized as an expense in the consolidated statements of loss and comprehensive loss. Assumptions, such as gold price, discount rate, and expenditures, underlying the fair value estimates are subject to risks and uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

Stock-Based Compensation

The Company accounts for all equity-settled stock-based payments using a fair value based method incorporating the Black-Scholes option pricing model.

Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and is either recorded at the date of grant, in the case of options that vest immediately, or over the vesting period in the case of options that vest over a period of time. In the latter case, the Company estimates forfeitures at the time of grant and the amount recognized as an expense from time to time is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. Fully diluted weighted-average common shares outstanding for the years ended December 31, 2014 and 2013 are not reflective of the outstanding stock options and warrants as their exercise would be anti-dilutive in the loss per share calculation.

2. Significant Accounting Policies (continued)

Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity.

<u>Current income taxes</u>

Current taxes are the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

<u>Deferred income taxes</u>

The Company accounts for income taxes under the asset and liability method. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on differences between the consolidated financial statement carrying values and their respective income tax bases (temporary differences).

Deferred income taxes are measured using the tax rates that are expected to be in effect when the temporary differences are likely to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect on deferred income tax assets and liabilities of a change in tax rates is included in loss in the period in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount that is probable to be realized.

<u>Flow through shares</u>

To the extent that the Company issues common shares to subscribers on a flow through basis at a premium to the market value of non-flow through common shares, any such premium is recorded as a liability on the Company's consolidated statements of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow through share issuances, with an offsetting amount recognized as income.

A deferred income tax liability equal to the tax value of flow through expenditures renounced is recognized only once the Company has fulfilled its obligations associated with the renunciation of related flow through expenditures, with an offsetting debit to deferred tax expense. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled once related renunciation filings have been made with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow through expenditures have been incurred.

Comprehensive Loss

Comprehensive loss measures net earnings for the period plus other comprehensive loss. Other comprehensive loss consists of changes to unrealized gains and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Amounts reported as other comprehensive loss are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Loss. To date there has not been any other comprehensive loss and accordingly, net loss equals comprehensive loss.

2. Significant Accounting Policies (continued)

Change in Accounting Policies

(i) During the year ended December 31, 2014, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. See note 4.

(ii) IAS 32 - Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

IFRS 9 - Financial Instruments ("IFRS 9") was issued in final form in July 2014 by the IASB 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, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

3. Critical Accounting Estimates and Judgements

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the estimated useful lives and residual value of equipment which are included in the consolidated financial statements and the related amortization included in profit or loss;
- the inputs used in accounting for share-based payment transactions and in valuation of warrants included in shareholders' equity;
- management determination of the ability to raise additional capital and/or obtain financing to advance mineral projects;
- due to the complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on the Company's consolidated financial position or results of operations as at December 31, 2014;

(Expressed in Canadian Dollars)

3. Critical Accounting Estimates and Judgements (continued)

- the interpretation of existing tax laws or regulations in Canada which the Company's operations are located requires the use of judgement. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period;
- management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- management is required to apply judgement in determining whether technical feasibility and commercial viability can be demonstrated for the Company's mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, related development expenditures will be capitalized.

4. Change in Accounting Policy

During the year ended December 31, 2014, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated consolidated statement of financial position as at January 1, 2013. Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

The consolidated financial statement impact as at January 1, 2013 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Mineral properties and deferred exploration expenditures	$ 13,132,607	$ (13,132,607)	**$ -**
Total non-current assets	13,178,459	(13,132,607)	**45,852**
Total assets	15,823,993	(13,132,607)	**2,691,386**
Deficit	(2,340,821)	(13,132,607)	**(15,473,428)**
Total shareholders' equity	15,717,634	(13,132,607)	**2,585,027**
Total liabilities and shareholders' equity	15,823,993	(13,132,607)	**2,691,386**

(Expressed in Canadian Dollars)

4. Change in Accounting Policy (continued)

The consolidated financial statement impact as at December 31, 2013 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Mineral properties and deferred exploration expenditures	$ 13,087,451	$ (13,087,451)	**$ -**
Total non-current assets	13,121,869	(13,087,451)	**34,418**
Total assets	14,621,323	(13,087,451)	**1,533,872**
Deficit	(3,755,613)	(13,087,451)	**(16,843,064)**
Total shareholders' equity	14,589,542	(13,087,451)	**1,502,091**
Total liabilities and shareholders' equity	14,621,323	(13,087,451)	**1,533,872**
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS			
Exploration and evaluation expenditures	$ -	$ 872,548	**$ 872,548**
Write-down of deferred exploration expenditures	917,704	(917,704)	-
Net loss and comprehensive loss for the year	1,274,592	(45,156)	**1,229,436**
Basic and diluted loss per year	(0.02)	(0.00)	**(0.02)**
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Net loss for the year	$ (1,274,592)	$ 45,156	**$ (1,229,436)**
Write-down of deferred exploration expenditures	917,704	(917,704)	-
Shares issued on acquisition of property rights	-	142,000	**142,000**
Warrants issued on acquisition of property rights	-	24,500	**24,500**
Cash flows used in operating activities	(463,826)	(706,048)	**(1,169,874)**
Deferred exploration expenditures incurred	(706,048)	706,048	**-**
Cash flows used in investing activities	(706,048)	706,048	**-**

5. Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, warrants, contributed surplus and deficit, which at December 31, 2014, totaled $631,186 (December 31, 2013 - $1,502,091).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors.

5. Capital Risk Management (continued)

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2014. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2014, management believes it is compliant with known requirements.

6. Financial Risk Factors

The Company is exposed to credit risk, market risk (consisting of interest rate risk and other price risk), and liquidity risk.

(a) Credit Risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions and believes that its accounts receivable credit risk exposure is limited.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices and consists of two types of risk: interest rate risk and other price risk.

(i) Interest rate risk arises because of changes in market interest rates.

(ii) Other price risk is risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's cash and cash equivalents are subject to minimal risk of changes in value and are readily convertible into cash.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company's investment policy is to invest its excess cash in high grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. Amounts payable and other liabilities are all current. The Company monitors its liquidity position and budgets future expenditures, in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

As at December 31, 2014, the Company has amounts payable and other liabilities of $224,195 (December 31, 2013 - $31,781) due within 12 months and has cash and cash equivalents of $813,985 (December 31, 2013 - $1,373,821) to meet its current obligations. As a result, the Company has minimal liquidity risk.

(Expressed in Canadian Dollars)

7. Cash and Cash Equivalents

	As at December 31, 2014	As at December 31, 2013
Cash	**$ 53,808**	$ 62,239
Guaranteed investment certificates	**760,177**	1,311,582
Total	**$ 813,985**	$ 1,373,821

8. Amounts Receivable and Other Assets

	As at December 31, 2014	As at December 31, 2013
Sales tax receivable - (Canada)	**$ 7,605**	$ 5,804
Prepaid expenses	**4,363**	119,829
Total	**$ 11,968**	$ 125,633

9. Equipment

December 31, 2014	Cost	Amortization Expense	Accumulated Amortization	Net
Equipment	$ 29,507	$ 3,399	$ 15,910	$ 13,597
Office furniture	3,709	427	2,000	1,709
Computer software	13,479	2,680	10,799	2,680
Computer hardware	7,001	1,080	4,043	2,958
Vehicles	29,100	3,636	20,616	8,484
	$ 82,796	$ 11,222	$ 53,368	$ 29,428

During the year ended December 31, 2014, the Company purchased computer hardware in the amount of $872 and computer software in the amount of $5,360.

December 31, 2013	Cost	Amortization Expense	Accumulated Amortization	Net
Equipment	$ 29,507	$ 4,249	$ 12,511	$ 16,996
Office furniture	3,709	534	1,573	2,136
Computer software	8,119	100	8,119	-
Computer hardware	6,129	1,357	2,963	3,166
Vehicles	29,100	5,194	16,980	12,120
	$ 76,564	$ 11,434	$ 42,146	$ 34,418

There were no additions or disposals of equipment during the year ended December 31, 2013.

(Expressed in Canadian Dollars)

10. Amounts Payable and Other Liabilities

	As at December 31, 2014	As at December 31, 2013
Falling due within the year		
Trade payables	**$ 45,302**	$ 13,781
Accrued liabilities	**178,893**	18,000
Total	**$ 224,195**	$ 31,781

11. 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 December 31, 2014, the issued share capital amounted to $13,787,893. The changes in issued share capital for the years presented were as follows:

	Number of Shares	Amount
Balance at December 31, 2012	**53,172,411**	**$ 13,657,143**
Shares issued on acquisition of property rights (note 15)	1,675,000	142,000
Shares issue costs (net of tax)	-	(20,000)
Balance at December 31, 2013	**54,847,411**	**13,779,143**
Shares issued on acquisition of property rights (note 15)	175,000	8,750
Balance at December 31, 2014	**55,022,411**	**$ 13,787,893**

12. Warrants

The following table reflects the continuity of warrants for the year ended December 31, 2014 and December 31, 2013:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2012	**16,197,039**	**$ 0.49**
Warrants granted (i)	1,000,000	0.50
Warrants expired	(6,070,000)	0.44
Balance at December 31, 2013	**11,127,039**	**0.52**
Warrants expired	(10,127,039)	0.52
Balance at December 31, 2014	**1,000,000**	**$ 0.50**

(Expressed in Canadian Dollars)

12. Warrants (continued)

(i) The warrants issued in 2013 were valued based on the equity granted since the value of the asset obtained was not reliably determinable.

The Company had the following warrants outstanding at December 31, 2014:

Number of Warrants	Exercise Price	Expiry Date
1,000,000	$0.50	October 23, 2015

The weighted average fair value of the warrants granted in the year was estimated at $nil (2013 - $0.036) by using the Black-Scholes option pricing model with the following weighted average assumptions:

	2013
Share price	$0.06
Risk-free interest rate	1.10%
Dividend yield	0.00%
Volatility	1.58%
Expected life	2 years

In February 2013, the Directors of the Company approved the extension to the term of certain warrants.

- 5,900,000 warrants were issued by the Company as part of a private placement financing that closed on March 29, 2011. Each warrant was originally exercisable to purchase one common share of the Company at a price of $0.70 per share until March 29, 2013. The extension of the date of expiry of the warrants to March 29, 2014 was approved by the Directors and the TSX Venture Exchange.

- 227,039 warrants were issued by the Company as part of a private placement financing that closed on April 18, 2011. Each warrant was originally exercisable to purchase one common share of the Company at a price of $0.70 per share until April 18, 2013. The extension of the date of expiry of the warrants to April 18, 2014 was approved by the Directors and the TSX Venture Exchange.

The Company has recorded the total incremental difference of $140,200 as a capital transaction to deficit based on the fair value of these warrants immediately prior to and after the modification.

The 5,900,000 warrants were valued prior to the extension using the Black-Scholes option pricing model parameters as listed below:

Share price	$0.13
Risk-free interest rate	1.00%
Dividend yield	0.00%
Volatility	137%
Expected life	0.07 years

(Expressed in Canadian Dollars)

12. Warrants (continued)

The 5,900,000 warrants, based on the new terms of the warrants, were valued using the Black-Scholes option pricing model parameters as listed below:

Share price	$0.13
Risk-free interest rate	1.00%
Dividend yield	0.00%
Volatility	141%
Expected life	1.07 years

The 227,039 warrants were valued prior to the extension using the Black-Scholes option pricing model parameters as listed below:

Share price	$0.13
Risk-free interest rate	1.00%
Dividend yield	0.00%
Volatility	186%
Expected life	0.13 years

The 227,039 warrants, based on the new terms of the warrants, were valued using the Black-Scholes option pricing model parameters as listed below:

Share price	$0.13
Risk-free interest rate	1.00%
Dividend yield	0.00%
Volatility	138%
Expected life	1.13 years

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

13. 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 year ended December 31, 2014 and December 31, 2013:

	Number of Options	Weighted Average Exercise Price
Balance at December 31, 2012	**3,450,000**	**$ 0.51**
Stock options expired	(1,610,000)	0.45
Balance at December 31, 2013	**1,840,000**	**0.56**
Stock options expired	(1,840,000)	0.56
Balance at December 31, 2014	**-**	**$ -**

(Expressed in Canadian Dollars)

14. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended December 31, 2014 was based on the loss attributable to common shareholders of $879,655 (year ended December 31, 2013 - $1,229,436) and the weighted average number of common shares outstanding of 55,009,466 (year ended December 31, 2013 - 53,868,850) for basic and diluted loss per share. Diluted loss did not include the effect of warrants and options for the years ended December 31, 2014 and 2013, as they are anti-dilutive.

15. Exploration and Evaluation Expenditures

	Year Ended December 31, 2014	Year Ended December 31, 2013
Kenwest (a)	**$ 18,603**	$ 55,469
Canamerica (b)	**4,876**	14,554
Sherridon (d)	**8,171**	1,534
Gaffney Extension (e)	**172,169**	240,433
Harper Lake (f)	**7,409**	45,688
Elora (g)	**230,765**	513,968
Mosher Bay (h)	**-**	902
	$ 441,993	$ 872,548

For details on the exploration and evaluation expenditures see the attached schedules on pages 26 and 27.

(a) Kenwest Property – Kenora Mining Division, Ontario

Pursuant to a share purchase agreement dated June 30, 2009, as amended, the Company acquired 60% of the issued and outstanding shares of Kenwest Mines Limited ("Kenwest"), which held a 100% undivided interest and title in 32 patented mining claims and 10 mining licenses of occupation in the Township of Boyer Lake, Kenora Mining Division (collectively, the "Kenwest Property"). Consideration paid to acquire the shares consisted of a cash payment of $75,000, the issuance of an initial 255,000 shares of the Company, and the issuance of such further shares of the Company as are required to ensure that the total shares issued to the vendor continue to represent 15% of the aggregate issued and outstanding shares of the Company until such time that the vendor has received 4,000,000 shares of the Company (fulfilled, April 18, 2011). These shares have been valued based on the equity instruments granted. In addition, amounts are due upon the occurrence of future events as follows:

(i) $249,742 if the Company has cash and cash equivalents, on a combined basis, in excess of $6 million, (paid during 2011); and

(ii) $2,000,000 if the Company prepares a valid National Instrument 43-101 report indicating a measured and indicated mineral resource on, in or under the property, of at least two million ounces of gold or gold equivalent.

Pursuant to the share purchase agreement, the Company is required to incur exploration expenditures on the property as follows:

(i) $400,000 prior to June 30, 2010 (incurred);

(ii) an additional $600,000 prior to June 30, 2011 (incurred); and

(iii) an additional $1,000,000 prior to June 30, 2012 (incurred).

15. Exploration and Evaluation Expenditures (continued)

(a) Kenwest Property – Kenora Mining Division, Ontario (continued)

If these expenditure requirements are not met then the property may be returned to the vendor, at the vendor's option.

On December 7, 2009, the Ontario Superior Court of Justice granted an order stating that, as of December 7, 2009 the only issued and outstanding shares in the capital of Kenwest are the shares owned by the Company and that any shares issued at any time prior to December 7, 2009 are forever extinguished and any and all claims against Kenwest and the Company arising out of or relating to any such right, title and interest shall be asserted no later than December 6, 2010 and only against a fund of $50,000 which has been established by the Company. As at December 6, 2010, no claims had been asserted against the $50,000. Accordingly, pursuant to an order of the Ontario Superior Court of Justice dated October 18, 2011, the funds were transferred by the Company to a charity during 2011, as directed.

As the acquisition of Kenwest did not meet the definition of a “business,” the Company accounted for the transaction as an option to acquire an asset, being the Kenwest Property.

(b) Canamerica Property – Kenora Mining Division, Ontario

Pursuant to an option agreement dated June 3, 2009, the Company was granted an option to acquire 7 unpatented mining claims in the Township of Boyer Lake, Kenora Mining Division (collectively, the “Canamerica Optioned Property”). Pursuant to the option agreement, the Company can exercise its option to acquire the Canamerica Optioned Property by making cash payments totaling $80,000, issuing a total 800,000 common shares and granting a 2.5% net smelter royalty ("NSR"). The Company can purchase 1% of the NSR for $1,000,000. The payments and share issuances will be made in equal increments of $20,000, and 200,000 shares, respectively. Moreover, the payments and issuances will be made upon the effective date of the agreement, as well as on or prior to each of the first, second, and third anniversaries of the effective date thereafter. To date the Company has paid $80,000 and issued 800,000 shares. The shares have been valued based on the equity instruments granted. Since entering into the option agreement, the Company acquired a 100% beneficial interest in an additional 19 claims that were contiguous to the Canamerica Optioned Property (the Canamerica Optioned Property and 19 additional claims collectively referred to as the “Canamerica Property”). These additional 19 claims are also subject to the NSR to which the Canamerica Optioned Claims are subject, as described above.

(c) Higbee Property – Kenora Mining Division, Ontario

Pursuant to an agreement dated June 3, 2009, the Company acquired a 100% undivided interest and title in 19 unpatented mining claims in the Townships of Fisher Lake, Garnet Bay, Kenora Mining Division (the “Higbee Property”). Consideration paid to acquire the property consisted of a cash payment of $10,000, the issuance of 500,000 shares of the Company, and the granting to the vendor of a 1% net smelter return royalty. The shares have been valued based on the equity instruments granted. During 2010, the Company allowed 16 of those claims to lapse. The Company maintains a 100% interest in the remaining 3 claims.

During 2011, the Company decided not to continue further exploration on the Higbee Property.

15. Exploration and Evaluation Expenditures (continued)

(d) Sherridon Property – Kenora Mining Division, Ontario

Pursuant to a letter agreement, the Company was granted an option to acquire 3 unpatented mining claims in the Townships of Mang Lake and Lower Manitou Lake, Kenora Mining Division (the "Sherridon Optioned Property"). Pursuant to the letter agreement, the Company can exercise its option to acquire the Sherridon Property by making cash payments totaling $98,500 and issuing a total of 200,000 shares of the Company, over a three year period. To date $98,500 has been paid and 200,000 shares have been issued pursuant to the letter agreement. The shares have been valued based on the equity instruments granted. The agreement is also subject to a 2% NSR. The Company can purchase 1% of the NSR for $1,000,000. Since entering into the option agreement, the Company acquired a 100% beneficial interest in an additional 23 claims that were contiguous to the Sherridon Optioned Property (the Sherridon Optioned Property and the additional 23 claims collectively referred to as the "Sherridon Property").

(e) Gaffney Extension Property – Kenora Mining Division, Ontario

Pursuant to a letter agreement dated January 31, 2011, the Company was granted an option to acquire 1 unpatented mining claim in the Township of Lower Manitou Lake, Kenora Mining Division (the "Gaffney Extension Property"). Pursuant to the letter agreement, the Company can exercise its option to acquire the Gaffney Extension Property by making cash payments totaling $70,000 and issuing a total of 700,000 shares of the Company, over a three year period. During the year ended December 31, 2014, the Company issued a cash payment in the amount of $17,500 (2013 - $17,500) and issued 175,000 shares (2013 – 175,000 shares) of the Company (note 11). To date $70,000 has been paid and 700,000 shares have been issued pursuant to the letter agreement. The shares have been valued based on the equity instruments granted. The agreement is also subject to a 2.5% NSR. The Company can purchase 1.25% of the NSR for $1,250,000.

The Company also holds 14 additional unpatented mining claims in the Townships of Lower Manitou Lake and Mang Lake, Kenora Mining Division.

Pursuant to an agreement dated January 31, 2012, the Company purchased a 100% interest in two non-contiguous claims (the "Aaronson Creek Claims") that are located within the outer property boundary of the Company's Gaffney Extension claims. The Company issued payment of $10,000 in cash and 25,000 common shares of the Company, both due on closing. The shares have been valued based on the equity instruments granted. The vendors of the Aaronson Greek Claims will be entitled to an NSR of 2% on production generated on the claims. The Company may purchase 1% of the NSR (resulting in the optionors holding a 1% NSR) by making a cash payment of $1,000,000.

Pursuant to an asset transfer agreement dated September 27, 2013, the Company purchased a 100% interest in 12 patented mining claims and 2 mining licenses of occupation (the "Gaffney Patents") that are located adjacent to the Company's Gaffney Extension Claims. The Company issued 1,000,000 common shares of the Company as well as 1,000,000 share purchase warrants of the Company, both due on closing (notes 11 and 12). The shares have been valued based on the equity instruments granted and the share purchase warrants have been valued based on an estimate using the Black-Scholes option pricing model. The vendors of the Gaffney Patents will be entitled to an NSR of 2% on production generated on the Gaffney Property. The Company may purchase 1% of the NSR (resulting in the optionors holding a 1% NSR) by making a cash payment of $1,000,000.

15. Exploration and Evaluation Expenditures (continued)

(f) Harper Lake - Kenora Mining Division, Ontario

Pursuant to a letter agreement dated May 20, 2011, the Company has closed its acquisition of a 100% interest in the property known as the Harper Lake property consisting of 7 claims (73 claim units) in northwestern Ontario. Under the terms of the acquisition agreement, the Company acquired its 100% interest in the Harper Lake property in exchange for the payment of $25,000 in cash and the issuance of an aggregate of 50,000 common shares of the Company. The shares have been valued based on the equity instruments granted.

During 2014, the Company allowed 3 of these claims to lapse.

(g) Elora - Kenora Mining Division, Ontario

Pursuant to an agreement dated May 31, 2012, the Company can acquire a 100% interest in the 14 patented Elora claims and one mining license of occupation, in exchange for the payment of $200,000 in cash and the issuance of 2,000,000 common shares of the Company, and the completion of a $2,500,000 work commitment, all over a three year period, as well as the assumption of a $20,000 annual advance royalty payment payable on an underlying 2.5% NSR held by the prior property owner. During the year ended December 31, 2014, the Company issued a cash payment in the amount of $nil (2013 - $40,000) and issued nil shares (2013 – 500,000 shares) of the Company (note 11). To date, $70,000 has been paid and 1,000,000 shares have been issued pursuant to the agreement and the Company has incurred $820,000 in expenditures. The shares have been valued based on the equity instruments granted. The agreement is subject to a 0.5% NSR when gold is below US$1,250/oz and such NSR rate increasing in increments as the price of gold increases, up to a maximum NSR rate of 1.5% in the event that gold exceeds US$2,500/oz.

During 2014, the Company decided not to continue further exploration on the Elora Property.

(h) Mosher Bay - Kenora Mining Division, Ontario

Pursuant to an agreement dated June 10, 2011, the Company agreed to acquire 12 mining claims (the "Mosher Bay Property"). The Company can acquire a 100% interest in the Mosher Bay Property, in exchange for the payment of $155,000 in cash, the issuance of 200,000 common shares of the Company, and the completion of a $200,000 work commitment, all over a four year period. As at December 31, 2013, $25,000 had been paid and 50,000 shares had been issued pursuant to the agreement. The shares have been valued based on the equity instruments granted. The agreement is also subject to a 2% NSR on production generated on the project. The Company may purchase 1% of the NSR (resulting in the optionors holding a 1% NSR) by making a cash payment of $1,000,000.

During 2013, the Company decided not to continue further exploration on the Mosher Bay Property.

(i) Merrill - Kenora Mining Division, Ontario

Pursuant to a letter agreement dated September 13, 2011, the Company was granted an option to acquire 3 patented mining claims (the "Merrill Patents") situated within the Company's existing West Limb group of claims. The Company can acquire a 100% interest in the Merrill Patents, in exchange for the payment of $125,000 in cash, the issuance of 200,000 common shares of the Company, and the completion of a $250,000 work commitment, all over a three year period. As at December 31, 2013, $40,000 had been paid and 60,000 shares had been issued pursuant to the agreement and incurred $87,500 in expenditures. The shares have been valued based on the equity instruments granted. The agreement is subject to a 2% NSR on production generated on the project. The Company may purchase 1% of the NSR (resulting in the optionors holding a 1% NSR) by making a cash payment of $1,000,000.

During 2013, the Company decided not to continue further exploration on the Merrill Property.

15. Exploration and Evaluation Expenditures (continued)

(j) West Limb - Kenora Mining Division, Ontario

Pursuant to the West Limb option agreement dated May 9, 2011, the Company can acquire a 100% interest to acquire 12 mining claims, in exchange for the payment of $190,000 in cash and the issuance of 400,000 common shares of the Company over a three year period. As at December 31, 2013, $40,000 had been paid and 200,000 shares had been issued pursuant to the agreement. The shares have been valued based on the equity instruments granted. The agreement is subject to a 2% NSR on production generated on the project. The Company may at any time purchase 1% of the NSR from the optionor (resulting in the optionor holding a 1% NSR) by making a cash payment of $1,000,000.

During 2013, the Company decided not to continue further exploration on the West Limb Property.

During 2014, the Company allowed 6 of the claims to lapse.

16. 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 year ended December 31, 2014, the Company paid professional fees and disbursements of $37,075 (year ended December 31, 2013 - $37,542) 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 December 31, 2014, Marrelli Support was owed $nil (December 31, 2013 - $nil).

During the year ended December 31, 2014, the Company paid professional fees and disbursements of $24,423 (year ended December 31, 2013 - $24,373) to DSA Corporate Services Inc. (“DSA”), an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director to DSA. These services were incurred in the normal course of operation of corporate secretarial matters. As at December 31, 2014, DSA was owed $2,588 (December 31, 2013 - $3,433) and these amounts were included in amounts payable and other liabilities.

Salaries paid to key management personnel for the year ended December 31, 2014 totaled $365,078 (year ended December 31, 2013 - $217,042). Key management personnel are comprised of the Company’s former President and Chief Executive Officer, the Company’s CFO, and directors which includes $162,500 of severance payable. The Board of Directors and officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

To the knowledge of the directors and officers of the Company, as at December 31, 2014, 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 December 31, 2014, directors and officers of the Company control an aggregate of 393,000 common shares or approximately 0.71% of the shares outstanding. These holdings can change at any time at the discretion of the owner.

(Expressed in Canadian Dollars)

17. Income Taxes

Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the consolidated financial statements:

	2014	2013
Loss before income taxes	**$ (879,655)**	$ (1,229,436)
Statutory rate	**26.50%**	26.50%
Expected income tax expense (recovery)	**(233,109)**	(325,801)
Non-deductible expenses	**20**	255,890
Change in deferred taxes not recognized	**233,089**	75,211
Share issue costs	**-**	(5,300)
Income tax expense (recovery)	**$ -**	$ -

Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	2014	2013
Non-capital loss carry forwards	**$ 979,852**	$ 861,161
Share issue costs and other	**64,426**	132,265
Mineral properties and deferred exploration costs	**2,721,159**	2,847,222
	3,765,437	3,840,648
Less: Deferred taxes not recognized	**(3,765,437)**	(3,840,648)
Total deferred income tax asset (liability)	**$ -**	$ -

The Company has not recorded any deferred income tax asset because it believes it is not probable that sufficient taxable income will be realized during the carryforward period to utilize the deferred income tax asset.

Loss Carry Forwards

As at December 31, 2014, the Company has non-capital tax loss carryforwards of $3,697,000 expiring as follows:

2029	$ 109,000
2030	506,000
2031	997,000
2032	1,020,000
2033	371,000
2034	694,000
	$ 3,697,000

18. Provision

As per the Separation Agreement dated November 13, 2014 between the Company and Todd Keast (former President), the Company will continue to pay Todd Keast an annual salary of $150,000 until January 29, 2016. An amount of $162,500 has been accrued as at December 31, 2014.

19. 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.

20. 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 consolidated financial statements also represent segment amounts.

21. Subsequent Event

On January 7, 2015, the Company announced that Mr. Robert Scott Heatherington had been appointed as a director of the Company and Mr. Harold Tracanelli has resigned as a director and Interim President of the Company.

Manitou Gold Inc.
Consolidated Schedule of Mineral Properties and Exploration Expenditures
(Expressed in Canadian Dollars)
Year Ended December 31, 2014

	Kenwest	Canamerica	Sherridon	Gaffney Extension	Harper Lake	Elora	Total
Acquisition costs							
Option payment	$ -	$ -	$ -	$ 17,500	$ -	$ -	$ 17,500
Share issuances	-	-	-	8,750	-	-	8,750
Property taxes	2,699	-	-	693	-	807	4,199
	2,699	-	-	26,943	-	807	30,449
Deferred exploration expenditures							
Analysis and lab work	208	-	265	10,129	-	9,368	19,970
Consultants	-	475	225	1,600	450	-	2,750
Drilling	-	-	-	12,000	-	141,130	153,130
Field supplies and consumables	1,289	145	-	7,833	-	3,583	12,850
Insurance	-	-	1,163	2,431	1,163	4,428	9,185
Line cutting	-	-	-	8,763	-	-	8,763
Stripping and trenching	-	-	-	8,750	-	-	8,750
Travel and accommodation	468	-	-	11,748	-	5,813	18,029
Wages and benefits	13,939	4,256	6,518	81,972	5,796	65,636	178,117
	15,904	4,876	8,171	145,226	7,409	229,958	411,544
Total exploration expenditures	$ 18,603	$ 4,876	$ 8,171	$ 172,169	$ 7,409	$ 230,765	$ 441,993

Manitou Gold Inc.
Consolidated Schedule of Exploration and Evaluation Expenditures (Continued)
(Expressed in Canadian Dollars)
Year Ended December 31, 2013

	Kenwest	Canamerica	Sherridon	Gaffney Extension	Harper Lake	Mosher Bay	Elora	Total
Acquisition costs								
Issuance of shares and warrants	$ -	$ -	$ -	$ 126,500	$ -	$ -	$ 40,000	$ 166,500
Property tax/carrying cost	3,089	-	-	523	-	-	-	3,612
Option payments	-	-	-	17,500	-	-	60,000	77,500
	3,089	-	-	144,523	-	-	100,000	247,612
Exploration expenditures								
Analysis and lab work	6,525	2,205	-	6,743	443	-	49,699	65,615
Consultants	5,344	-	469	5,550	450	902	6,331	19,046
Drilling	-	-	-	11,073	11,980	-	156,251	179,304
Field office	-	-	-	-	-	-	465	465
Field supplies	5,832	300	76	1,696	1,237	-	23,100	32,241
Insurance	932	432	-	2,133	1,370	-	4,701	9,568
Stripping and trenching	-	-	-	1,030	-	-	-	1,030
Travel and consumables	423	132	179	8,861	4,836	-	32,624	47,055
Wages and benefits	33,324	11,485	810	58,824	25,372	-	140,797	270,612
	52,380	14,554	1,534	95,910	45,688	902	413,968	624,936
Total exploration expenditures	$ 55,469	$ 14,554	$ 1,534	$ 240,433	$ 45,688	$ 902	$ 513,968	$ 872,548