
**MANITOU GOLD INC.
CONSOLIDATED
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN CANADIAN DOLLARS)**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Manitou Gold Inc.:

We have audited the accompanying consolidated financial statements of Manitou Gold Inc. and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows, and consolidated statements of changes in shareholders' equity for the years then ended, 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.

Auditor's 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 auditor's 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 control. 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 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 financial position of Manitou Gold Inc. and its subsidiary as at December 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
April 21, 2017

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

	As at December 31, 2016	As at December 31, 2015
Assets		
Current assets		
Cash and cash equivalents (note 7)	\$ 332,641	\$ 255,875
Amounts receivable and other assets (note 8)	7,314	12,922
Total assets	\$ 339,955	\$ 268,797
Liabilities and Shareholders' Equity		
Current liabilities		
Amounts payable and other liabilities (notes 9 and 15)	\$ 20,971	\$ 34,093
Total liabilities	20,971	34,093
Shareholders' equity		
Share capital (note 10)	13,971,792	13,787,893
Warrants (note 11)	188,353	-
Contributed surplus (note 12)	106,500	102,000
Deficit	(13,947,661)	(13,655,189)
Total shareholders' equity	318,984	234,704
Total shareholders' equity and liabilities	\$ 339,955	\$ 268,797

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 18)

Approved on behalf of the Board:

"Ron Arnold" _____ Director (Signed)

"Guy Mahaffy" _____ Director (Signed)

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

	Year Ended December 31, 2016	Year Ended December 31, 2015
General and administrative expense		
Office and general (note 15)	\$ 240,022	\$ 301,866
Professional fees (note 15)	18,973	18,653
Exploration and evaluation expenditures (note 14)	29,387	48,759
Project generation and evaluation	-	508
Amortization	-	6,881
Option-based payments (note 12)	4,500	102,000
Impairment of equipment	-	22,547
Total general and administrative expense	292,882	501,214
Loss before interest income	(292,882)	(501,214)
Interest income	410	2,732
Net loss and comprehensive loss for the year	\$ (292,472)	\$ (498,482)
Net loss and comprehensive loss per share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted (note 13)	56,712,375	55,022,411

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, 2016	Year Ended December 31, 2015
Operating activities		
Net loss for the year	\$ (292,472)	\$ (498,482)
Adjustments for:		
Amortization	-	6,881
Option-based payments (note 12)	4,500	102,000
Impairment of equipment	-	22,547
Changes in non-cash working capital items:		
Amounts receivable and other assets	5,608	(954)
Amounts payable and other liabilities	(13,122)	(190,102)
Net cash used in operating activities	(295,486)	(558,110)
Financing activities		
Issuance of share capital (note 10(b))	385,000	-
Cost of issue	(12,748)	-
Net cash provided by financing activities	372,252	-
Net change in cash and cash equivalents	76,766	(558,110)
Cash and cash equivalents, beginning of year	255,875	813,985
Cash and cash equivalents, end of year	\$ 332,641	\$ 255,875
Supplemental cash flow information		
Finders' units issued	\$ (19,250)	\$ -
Broker warrants issued	(8,686)	-
	\$ (27,936)	\$ -

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	Total
Balance, December 31, 2014	\$ 13,787,893	\$ 24,500	\$ -	\$(13,181,207)	\$ 631,186
Expiration of warrants	-	(24,500)	-	24,500	-
Option-based payments (note 12)	-	-	102,000	-	102,000
Net loss for the year	-	-	-	(498,482)	(498,482)
Balance, December 31, 2015	\$ 13,787,893	\$ -	\$ 102,000	\$(13,655,189)	\$ 234,704
Issue of units (note 10(b))	385,000	-	-	-	385,000
Finder's units (note 10(b))	19,250	-	-	-	19,250
Cost of issue (note 10(b))	(40,684)	8,686	-	-	(31,998)
Warrant valuation (note 10(b))	(179,667)	179,667	-	-	-
Option-based payments (note 12)	-	-	4,500	-	4,500
Net loss for the year	-	-	-	(292,472)	(292,472)
Balance, December 31, 2016	\$ 13,971,792	\$ 188,353	\$ 106,500	\$(13,947,661)	\$ 318,984

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

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

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 The Canadian Venture Building, 82 Richmond St East, Toronto, Ontario, M5C 1P1.

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 \$292,472 for the year ended December 31, 2016 (year ended December 31, 2015 - loss of \$498,482) and has an accumulated deficit of \$13,947,661 as at December 31, 2016 (December 31, 2015 - \$13,655,189). The Company had working capital of \$318,984 at December 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 uncertainty that may cast doubt on the Company's ability to continue as a going concern; however, management believes it has sufficient working capital to support planned operations for the ensuing twelve months. 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.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

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, 2016 were approved and authorized for issue by the Board of Directors on April 21, 2017.

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

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 are 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.

Manitou Gold Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

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:

<u>Financial Instrument</u>	<u>Classification</u>	<u>Fair Value Hierarchy</u>
Cash	Loans and receivables	
Cash equivalents	FVTPL	Level 1
Amounts payable and other liabilities	Other liabilities	

Exploration and Evaluation Expenditures

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.

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.

Manitou Gold Inc.

Notes to Consolidated Financial Statements
Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

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 with non-employees 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, 2016 and 2015 do not include the outstanding stock options and warrants as their exercise would be anti-dilutive in the loss per share calculation.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

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.

Current income taxes

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.

Deferred income taxes

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 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.

Flow through shares

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 loss 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.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

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. Critical Accounting Estimates and Judgments

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 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 judgment 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, 2016 and 2015;
- the interpretation of existing tax laws or regulations in Canada which the Company's operations are located requires the use of judgment. 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; and
- management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period.

4. 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 consolidated financial statements.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

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, 2016, totaled \$318,984 (December 31, 2015 - \$234,704).

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.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2016 and 2015. 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, 2016, management believes it is compliant with known requirements.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

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, 2016, the Company has amounts payable and other liabilities of \$20,971 (December 31, 2015 - \$34,093) due within 12 months and has cash and cash equivalents of \$332,641 (December 31, 2015 - \$255,875) to meet its current obligations. As a result, the Company has minimal liquidity risk.

7. Cash and Cash Equivalents

	As at December 31, 2016	As at December 31, 2015
Cash	\$ 332,641	\$ 4,780
Guaranteed investment certificates ("GIC's")	-	251,095
Total	\$ 332,641	\$ 255,875

Manitou Gold Inc.

Notes to Consolidated Financial Statements
Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

8. Amounts Receivable and Other Assets

	As at December 31, 2016	As at December 31, 2015
Sales tax receivable - (Canada)	\$ 2,361	\$ 3,458
Prepaid expenses	4,953	9,464
Total	\$ 7,314	\$ 12,922

9. Amounts Payable and Other Liabilities

	As at December 31, 2016	As at December 31, 2015
Falling due within the year		
Trade payables	\$ 4,006	\$ 9,593
Accrued liabilities	16,965	24,500
Total	\$ 20,971	\$ 34,093

10. 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, 2016, the issued share capital amounted to \$13,971,792. The changes in issued share capital for the years presented were as follows:

	Number of Shares	Amount
Balance at December 31, 2014, December 31, 2015	55,022,411	\$ 13,787,893
Issue of units	7,000,000	385,000
Finder's units	350,000	19,250
Cost of issue - broker warrants	-	(8,686)
Cost of issue - finder's units	-	(19,250)
Cost of issue - cash	-	(12,748)
Warrant valuation	-	(179,667)
Balance at December 31, 2016	62,372,411	\$ 13,971,792

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

10. Share Capital (continued)

(b) Common shares issued (continued)

On July 29, 2016, the Company completed a non-brokered private placement of 7,000,000 units ("Units") for aggregate gross proceeds of \$385,000. Each Unit consists of one common share and one purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.075 for a period of twenty-four months.

In connection with the above-noted private placement, and in lieu of the payment of any cash finder's fees, the Company issued 350,000 finder's units. The finder's units bear the same conditions and terms as the Units. The warrants issued were assigned a value of \$179,667 using the Black-Scholes valuation model (7,000,000 warrants - \$171,111 and 350,000 warrants included in finder's units - \$8,556). The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.54%;
- Expected life: 2 years;
- Expected volatility: 172% based on historical trends; and
- Weighted average share price: \$0.09.

350,000 broker warrants were issued in connection with the closing. Each broker warrant entitles the holder thereof to purchase one unit (having the same terms as a Unit) at an exercise price of \$0.055, for a period of twenty-four months. The broker warrants were assigned a value of \$8,686 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.54%;
- Expected life: 2 years;
- Expected volatility: 172% based on historical trends; and
- Weighted average share price: \$0.09.

No cash finder's fees were paid in connection with the private placement.

Manitou Gold Inc.

Notes to Consolidated Financial Statements
Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

11. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2014	1,000,000	\$ 0.50
Warrants expired	(1,000,000)	\$ 0.50
Balance at December 31, 2015	-	\$ -
Warrants granted (note 10(b))	7,700,000	0.07
Balance at December 31, 2016	7,700,000	\$ 0.07

The Company had the following warrants outstanding at December 31, 2016:

Number of Warrants	Weighted Average Exercise Price	Expiry Date
7,350,000	\$0.075	July 29, 2018
350,000 (i)	0.055	July 29, 2018
7,700,000	\$0.074	

(i) exercisable into a unit, comprised of one common share and one purchase warrant exercisable at \$0.075 for a period of twenty-four months.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

12. Stock Options

The Company has a formal stock option plan (the "Plan"). The Plan is referred to as a "fixed" plan and provides for an aggregate number of 5,384,741 shares reserved for issuance. As at December 31, 2016, the Company has 1,134,741 shares available for issuance.

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

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

(i) On June 24, 2015, the Company granted 4,000,000 stock options to certain directors, officers and consultants 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 \$102,000 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.035, expected dividend yield of 0%, expected volatility of 195% which is based on historical volatility of the Company's share price, risk-free rate of return of 0.63% and an expected maturity of 2 years. For the year ended December 31, 2016, \$nil was expensed to option-based payments (year ended December 31, 2015 - \$102,000).

(ii) 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 year ended December 31, 2016, \$4,500, was expensed to option-based payments (year ended December 31, 2015 - \$nil).

The Company had the following stock options outstanding as of December 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	0.48	June 24, 2017
250,000	250,000	0.10	1.12	February 12, 2018
4,250,000	4,250,000	0.10	0.52	

Manitou Gold Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

13. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended December 31, 2016 was based on the loss attributable to common shares of \$292,472 (year ended December 31, 2015 - \$498,482) and the weighted average number of common shares outstanding of 56,712,375 (year ended December 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 year ended December 31, 2016 and year ended December 31, 2015, as they are anti-dilutive.

14. Exploration and Evaluation Expenditures

	Year Ended December 31, 2016	Year Ended December 31, 2015
Kenwest (a)	\$ 25,067	\$ 25,154
Canamerica (b)	738	172
Sherridon (c)	229	1,132
Gaffney (d)	3,353	21,809
Harper Lake (e)	-	447
Elora (f)	-	45
	\$ 29,387	\$ 48,759

For details on the exploration and evaluation expenditures see the attached schedules at the end of these statements.

(a) Kenwest Property – Kenora Mining Division, Ontario

The Company holds 100% of the issued and outstanding shares of Kenwest Mines Limited (“Kenwest”), which holds 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”).

(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.

During 2016, the Company allowed 6 of those claims to lapse.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

14. Exploration and Evaluation Expenditures (continued)

(c) Sherridon Property – Kenora Mining Division, Ontario

Pursuant to a letter agreement dated January 29, 2010, the Company was granted an option to acquire three 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 exercised 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. The shares have been valued based on the quoted market price at the time of grant. The agreement is also subject to a 2% NSR. The Company can purchase a 1% 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").

During 2016, the Company allowed 13 of those claims to lapse.

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

Pursuant to a letter agreement dated January 31, 2011, the Company acquired 100% of 1 unpatented mining claim in the Township of Lower Manitou Lake, Kenora Mining Division (the "Gaffney Extension Property"). The optionors of the Gaffney Extension Property are entitled to a 2.5% NSR on production generated on the Gaffney Extension Property. The Company may purchase a 1.25% NSR (resulting in the optionors holding a 1.25% NSR) by making a cash payment of \$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.

The Company holds 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 Property claims. This interest is subject to a 2% NSR of which the Company may purchase 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 Property. The optionors of the Gaffney Patents are entitled to a 2% NSR on production generated on the Gaffney Property. The Company may purchase a 1% NSR (resulting in the optionors holding a 1% NSR) by making a cash payment of \$1,000,000.

(e) Harper Lake - Kenora Mining Division, Ontario

Pursuant to a letter agreement dated May 20, 2011, the Company acquired a 100% interest in the property known as the Harper Lake property consisting of 7 claims (73 claim units) in northwestern Ontario. During 2014, the Company allowed 3 of these claims to lapse. During the year ended December 31, 2016, the remaining claims were dropped.

(f) Elora - Kenora Mining Division, Ontario

Pursuant to an agreement dated May 31, 2012, the Company could 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 2014, the Company decided not to continue further exploration on the Elora Property and terminated the agreement.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

15. 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, 2016, the Company paid professional fees and disbursements of \$36,340 (year ended December 31, 2015 - \$35,579) 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, 2016, Marrelli Support was owed \$nil (December 31, 2015 - \$nil).

During the year ended December 31, 2016, the Company paid professional fees and disbursements of \$10,573 (year ended December 31, 2015 - \$28,172) to DSA Corporate Services Inc. ("DSA"), a firm providing corporate secretarial and filing services and affiliated with Marrelli Support through common ownership. These services were incurred in the normal course of operation of corporate secretarial matters. As at December 31, 2016, DSA was owed \$896 (December 31, 2015 - \$2,453).

Under an office rental agreement beginning July 2015 with a company controlled by a director of the Company, the Company was committed to a monthly rental payment of \$1,500 until June 2016. However, this amount was reduced to \$1,000 per month in February 2016 and the lease terminated prematurely in March 2016. During the year ended December 31, 2016, the Company paid rent of \$3,500, to the director's company.

Salaries paid to key management personnel for the year ended December 31, 2016 totaled \$119,840 (year ended December 31, 2015 - \$152,383). Option-based payments to key management personnel for the year ended December 31, 2016 totaled \$nil (year ended December 31, 2015 - \$95,625). Key management personnel are comprised of the Company's President and Chief Executive Officer ("CEO") and the Company's CFO. As at December 31, 2016, key management personnel were owed \$nil (December 31, 2015 - \$nil). 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 part of the July 29, 2016 non-brokered private placement, an insider of the Company subscribed for an aggregate 1,000,000 units, being Mr. Richard Murphy, CEO of the Company.

To the knowledge of the directors and officers of the Company, as at December 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 December 31, 2016, directors and officers of the Company control an aggregate of 4,011,000 common shares (December 31, 2015 - 3,298,000 common shares) or approximately 6.43% 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 18 for details regarding a change of control provision with a related party.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

16. 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 financial statements:

	2016	2015
Loss before income taxes	\$ (292,472)	\$ (498,482)
Statutory rate	26.5%	26.5%
Expected income tax expense (recovery)	(78,000)	(132,000)
Stock based compensation	1,000	27,000
Non-deductible expenses	1,000	2,000
Other	(511,000)	1,000
Change in deferred taxes not recognized	587,000	102,000
Income tax expense (recovery)	\$ -	\$ -

Deferred Income Taxes

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

	2016	2015
Non-capital loss carry forwards	\$ 4,915,000	\$ 3,333,000
Share issue costs and other	11,000	11,000
Mineral properties and deferred exploration costs	2,905,000	2,734,000
Other temporary differences	85,000	85,000
Total temporary differences	\$ 7,916,000	\$ 6,163,000

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, 2016, the Company has non-capital tax loss carryforwards of \$4,915,000 expiring as follows:

2029	\$ 452,000
2030	507,000
2031	997,000
2032	1,020,000
2033	371,000
2034	694,000
2035	605,000
2036	269,000
	<u>\$ 4,915,000</u>

17. Provision

As per the Separation Agreement dated November 13, 2014 between the Company and Todd Keast (former President), the Company was required to pay Todd Keast \$150,000 of which the final \$12,500 payment was made in January 2016.

Manitou Gold Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2016 and 2015 (Expressed in Canadian Dollars)

18. 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.

19. 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.

20. Subsequent Event

On April 9, 2017, the Company granted 1,000,000 stock options with an exercise price of \$0.10 per common share which vested immediately and have an expiry date of April 9, 2019.

On April 10, 2017, the Company announced the appointment of Mr. Pat Dubreuil to the position of President of the Company. Richard Murphy, who previously held the roles of both President and Chief Executive Officer, will remain in the role of CEO.

Manitou Gold Inc.**Consolidated Schedule of Exploration and Evaluation Expenditures****(Expressed in Canadian Dollars)****Year Ended December 31, 2016**

	Sherridon	Canamerica	Gaffney	Kenwest	Total
	\$	\$	\$	\$	\$
Acquisition costs					
Property taxes	-	-	821	2,950	3,771
Exploration expenditures					
Consultants	-	-	-	750	750
Field supplies and consumables	-	-	-	310	310
Travel and accommodation	-	-	-	5,973	5,973
Wages and benefits	229	738	2,532	15,084	18,583
	229	738	2,532	22,117	25,616
Total exploration and evaluation expenditures	229	738	3,353	25,067	29,387

Manitou Gold Inc.**Consolidated Schedule of Exploration and Evaluation Expenditures (Continued)****(Expressed in Canadian Dollars)****Year Ended December 31, 2015**

	Kenwest	Canamerica	Sherridon	Gaffney	Harper Lake	Elora	Total
	\$	\$	\$	\$	\$	\$	\$
Acquisition costs							
Property taxes	3,874	-	-	361	-	-	4,235
Exploration expenditures							
Field supplies and consumables	1,490	-	-	3,038	-	45	4,573
Travel and accommodation	854	-	-	814	-	-	1,668
Wages and benefits	18,936	172	1,132	17,596	447	-	38,283
	21,280	172	1,132	21,448	447	45	44,524
Total exploration and evaluation expenditures	25,154	172	1,132	21,809	447	45	48,759