MANITOU GOLD INC.

CONSOLIDATED

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Manitou Gold Inc.

Opinion

We have audited the consolidated financial statements of Manitou Gold Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3

mcgovernhurley.com

t. 416-496-1234

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Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists,

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we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report Koko Yamamoto.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 26, 2022

Manitou Gold Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash	**$ 2,239,736**	$ 3,525,086
Amounts receivable and other assets (note 6)	**388,225**	172,675
Total current assets	**2,627,961**	3,697,761
Non-current assets		
Equipment (note 7)	**27,861**	34,825
Total assets	**$ 2,655,822**	$ 3,732,586
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (notes 8 and 16)	**$ 165,627**	$ 332,218
Flow-through share liability (note 10(b))	**257,495**	315,647
Total current liabilities	**423,122**	647,865
Non-current liabilities		
Loan payable (note 9)	**60,000**	60,000
Total liabilities	**483,122**	707,865
Shareholders' equity		
Share capital (note 10)	**27,460,713**	21,880,675
Warrants (note 11)	**2,142,750**	2,465,398
Contributed surplus (note 12)	**1,652,239**	452,310
Deficit	**(29,083,002)**	(21,773,662)
Total shareholders' equity	**2,172,700**	3,024,721
Total shareholders' equity and liabilities	**$ 2,655,822**	$ 3,732,586

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

Nature of Operations and Going Concern (note 1)
Commitments and Contingencies (notes 14 and 18)
Subsequent Event (note 19)

Approved on behalf of the Board:

"Richard Murphy" Director (Signed)

"Guy Mahaffy" Director (Signed)

Manitou Gold Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating expenses		
Exploration and evaluation expenditures (note 14)	**$ 6,801,624**	$ 3,693,202
Option-based payments (note 12)	**1,556,700**	149,800
Office and general (notes 15 and 16)	**1,269,409**	530,634
Professional fees (note 16)	**44,018**	80,803
Total operating expenses	**9,671,751**	4,454,439
Loss before interest and other income	**(9,671,751)**	(4,454,439)
Other income	**-**	287
Flow-through premium income	**1,587,236**	1,727,780
Net loss and comprehensive loss for the year	**$ (8,084,515)**	$ (2,726,372)
Net loss and comprehensive loss per share - basic and diluted	**$ (0.03)**	$ (0.01)
Weighted average number of shares outstanding - basic and diluted (note 13)	**303,866,916**	220,783,163

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, 2021	Year Ended December 31, 2020
Operating activities		
Net loss for the year	**$ (8,084,515)**	$ (2,726,372)
Adjustments for:		
Depreciation (note 7)	**6,964**	1,833
Option-based payments (note 12)	**1,556,700**	149,800
Shares issued on acquisition of property rights (note 14)	**716,667**	180,000
Flow-through premium income	**(1,587,236)**	(1,727,780)
Changes in non-cash working capital items:		
Amounts receivable and other assets	**(215,550)**	23,964
Accounts payable and accrued liabilities	**(166,591)**	169,555
Net cash used in operating activities	**(7,773,561)**	(3,929,000)
Investing activity		
Purchase of equipment	**-**	(36,658)
Net cash used in investing activity	**-**	(36,658)
Financing activities		
Issuance of units and shares	**6,669,500**	5,006,231
Cost of issue	**(267,324)**	(320,400)
Proceeds from loan payable	**-**	60,000
Warrants exercised	**86,035**	-
Net cash provided by financing activities	**6,488,211**	4,745,831
Net change in cash	**(1,285,350)**	780,173
Cash, beginning of year	**3,525,086**	2,744,913
Cash, end of year	**$ 2,239,736**	$ 3,525,086
Supplemental cash flow information		
Broker warrants issued	**$ 110,900**	$ 187,000

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

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	**184,286,819**	**$ 19,288,122**	**$ 1,290,212**	**$ 302,510**	**$ (19,047,290)**	**$ 1,833,554**
Issue of units (note 10(b))	74,249,625	5,006,231	-	-	-	5,006,231
Cost of issue (note 10(b))	-	(507,400)	187,000	-	-	(320,400)
Flow-through share liability (note 10(b))	-	(1,098,092)	-	-	-	(1,098,092)
Warrant valuation (note 10(b))	-	(988,186)	988,186	-	-	-
Shares issued for property acquisition (note 14)	4,500,000	180,000	-	-	-	180,000
Option-based payments (note 12)	-	-	-	149,800	-	149,800
Net loss for the year	-	-	-	-	(2,726,372)	(2,726,372)
Balance, December 31, 2020	**263,036,444**	**$ 21,880,675**	**$ 2,465,398**	**$ 452,310**	**$ (21,773,662)**	**$ 3,024,721**
Issue of shares (note 10(b))	70,426,623	6,669,500	-	-	-	6,669,500
Cost of issue (note 10(b))	98,000	(378,224)	110,900	-	-	(267,324)
Flow-through share liability (note 10(b))	-	(1,529,084)	-	-	-	(1,529,084)
Warrants exercised (note 11)	1,451,160	101,179	(15,144)	-	-	86,035
Warrants expired (note 11)	-	-	(418,404)	-	418,404	-
Shares issued for property acquisition (note 14)	9,555,555	716,667	-	-	-	716,667
Stock options expired (note 12)	-	-	-	(356,771)	356,771	-
Option-based payments (note 12)	-	-	-	1,556,700	-	1,556,700
Net loss for the year	-	-	-	-	(8,084,515)	(8,084,515)
Balance, December 31, 2021	**344,567,782**	**$ 27,460,713**	**$ 2,142,750**	**$ 1,652,239**	**$ (29,083,002)**	**$ 2,172,700**

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” or "Manitou") 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 $8,084,515 for the year ended December 31, 2021 (2020 - loss of $2,726,372) and has an accumulated deficit of $29,083,002 as at December 31, 2021 (December 31, 2020 - $21,773,662). The Company had working capital of $2,204,839 at December 31, 2021 (December 31, 2020 - $3,049,896) which it believes is sufficient to support planned operations for the next twelve months.

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. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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 property interests may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty.

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect the Company’s operations and ability to finance its operations.

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, 2021 were approved and authorized for issue by the Board of Directors on April 26, 2022.

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 wholly owned 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

<u>Recognition</u>

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

2. Significant Accounting Policies (Continued)

Financial Instruments (continued)

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

i. amortized cost;
ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial assets consist of cash and amounts receivable, which are classified as subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and loan payable, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

2. Significant Accounting Policies (Continued)

Financial Instruments (continued)

Fair Value Hierarchy

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 no financial instruments carried at fair value as at December 31, 2021 and 2020 to classify under the fair value hierarchy.

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

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.

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.

Government Assistance

The Company recognizes government grants given on eligible expenditures when it is reasonably assured that they will be realized. The Company uses the cost reduction method to account for government grants, under which the credits are applied against the expense or asset to which the government grant relates.

The Company recognizes government assistance received under the Canada Emergency Business Account ("CEBA") program as a loan payable in the consolidated statements of financial position. A portion of the CEBA loan may be forgivable if certain criteria are met. The Company will not recognize the forgivable portion of the CEBA loan as income until reasonable assurance of forgiveness has been obtained. See note 9.

2. Significant Accounting Policies (Continued)

Tax Credits and Receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the *Mining Tax Act*. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

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.

The grant date fair value of options that are unexercised upon expiry is removed from contributed surplus and transferred to deficit.

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. Diluted weighted-average common shares outstanding for the years ended December 31, 2021 and 2020 do not include 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.

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.

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, 2021 and 2020;
- 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. 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, 2021, totaled $2,172,700 (December 31, 2020 - $3,024,721).

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, 2021 and 2020. 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, 2021, management believes it is compliant with known requirements.

(Expressed in Canadian Dollars)

5. 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. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions and believes that its amounts 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 is subject to minimal risk of changes in value.

(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, 2021, the Company has accounts payable and accrued liabilities of $165,627 (December 31, 2020 - $332,218) due within 12 months and has cash of $2,239,736 (December 31, 2020 - $3,525,086) to meet its current obligations. Included in cash of $2,239,736 as at December 31, 2021 is approximately $1,467,000 that the Company has committed to spend on qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2022 (See note 18).

6. Amounts Receivable and Other Assets

	December 31, 2021	December 31, 2020
Sales tax receivable	**$ 160,266**	$ 93,108
Prepaid expenses	**227,598**	79,567
Other receivable	**361**	-
Total	**$ 388,225**	$ 172,675

(Expressed in Canadian Dollars)

7. Equipment

Cost		**Equipment**
Balance, December 31, 2019	$	-
Additions		36,658
Balance, December 31, 2020 and December 31, 2021	$	36,658

Accumulated Depreciation		**Equipment**
Balance, December 31, 2019	$	-
Depreciation for the year		1,833
Balance, December 31, 2020		1,833
Depreciation for the year		6,964
Balance, December 31, 2021	$	8,797

Carrying Value		**Equipment**
Balance, December 31, 2020	$	34,825
Balance, December 31, 2021	$	27,861

8. Accounts Payable and Accrued Liabilities

		December 31, 2021		**December 31, 2020**
Trade payables	**$**	**162,577**	$	317,518
Accrued liabilities		**3,050**		14,700
Total	**$**	**165,627**	$	332,218

9. Loan Payable

In August 2020, the Company received $40,000 under the Canada Emergency Business Account ("CEBA") program. 25% of the loan is forgivable if repaid by December 31, 2022. The loan accrues no interest until December 31, 2023, and thereafter converts to a 2-year term loan with a 5% annual interest rate. Any portion of the loan is repayable without penalty at any time prior to December 31, 2025.

In December 2020, the Company received an additional $20,000 under the CEBA program. The terms of the repayment are the same as the first advance, and $10,000 of the additional advance will be forgiven if the remaining $10,000 is repaid in full by December 31, 2023.

(Expressed in Canadian Dollars)

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, 2021, the issued share capital amounted to $27,460,713. The changes in issued share capital for the years presented were as follows:

	Number of Shares	Amount
Balance at December 31, 2019	**184,286,819**	**$ 19,288,122**
Issue of units and shares (i)(ii)(iii)	74,249,625	5,006,231
Cost of issue (i)(iii)	-	(507,400)
Warrant valuation (i)(iii)	-	(988,186)
Flow-through share liability (i)(iii)	-	(1,098,092)
Shares issued for property acquisition (note 14)	4,500,000	180,000
Balance at December 31, 2020	**263,036,444**	**21,880,675**
Issue of units and shares (iv)(v)	70,426,623	6,669,500
Cost of issue (iv)(v)	98,000	(378,224)
Flow-through share liability (iv)(v)	-	(1,529,084)
Warrants exercised	1,451,160	101,179
Shares issued for property acquisition (note 14)	9,555,555	716,667
Balance at December 31, 2021	**344,567,782**	**$ 27,460,713**

10. Share Capital (Continued)

(b) Common shares issued (continued)

(i) On February 13, 2020, the Company completed a private placement ("February 2020 Offering") pursuant to which it issued (i) 28,888,666 units (the "February 2020 Hard Units") at a price of $0.06 per unit to raise aggregate gross proceeds of $1,733,320; and (ii) 11,999,998 flow-through common shares ("February 2020 FT Shares") at a price of $0.075 per share to raise gross proceeds of $900,000. Each February 2020 Hard Unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.09 until the date which is 3 years from the closing date of the February 2020 Offering. Alamos Gold Inc. ("Alamos") subscribed for 4,520,000 February 2020 Hard Units and Mr. Blair Zaritsky, a former director of the Company at the time of the February 2020 Offering, subscribed for 266,666 February 2020 FT Shares.

The 28,888,666 warrants issued were assigned a value of $584,186 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: 1.47%;
- Expected life: 3 years;
- Expected volatility: 139% based on historical trends
- Unit price: $0.06; and
- Expected dividend yield: 0%.

The Company recognized a flow-through premium liability of $466,440 on the February 2020 FT Shares which is included in flow-through share liability and committed to incur $900,000 of Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)).

In connection with the February 2020 Offering, the Company paid a cash commission and other fees of $208,780 and issued an aggregate of 2,608,026 broker warrants. Each broker warrant is exercisable to acquire one February 2020 Hard Unit at an exercise price of $0.06 for a period of 3 years following the closing of the February 2020 Offering.

The 2,608,026 broker warrants issued were assigned a value of $145,000 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: 1.47%;
- Expected life: 3 years;
- Expected volatility: 139% based on historical trends;
- Unit price: $0.06; and
- Expected dividend yield: 0%.

(ii) On June 30, 2020, Alamos exercised its right to maintain its pro rata interest in the Company and subscribed for an aggregate of 1,118,000 common shares at a price of $0.05 per share for gross proceeds of $55,900.

10. Share Capital (Continued)

(b) Common shares issued (continued)

(iii) On September 30, 2020, the Company completed a private placement ("September 2020 Offering") pursuant to which it issued (i) 19,495,184 units (the "September 2020 Hard Units") at a price of $0.06 per unit to raise aggregate gross proceeds of $1,169,711; and (ii) 12,747,777 flow-through common shares ("September 2020 FT Shares") at a price of $0.09 per share to raise gross proceeds of $1,147,300. Each September 2020 Hard Unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.12 until the date which is 2 years from the closing date of the September 2020 Offering. Insiders of the Company subscribed for an aggregate of 6,000,000 September 2020 Hard Units in the September 2020 Offering, being Mr. Richard Murphy, CEO of the Company, Mr. Patrice Dubreuil, an officer and former President of the Company, and Mr. Donato Sferra, an officer of the Company, subscribing for 2,000,000 September 2020 Hard Units each. O3 Mining Inc., a Company whose officer is a former director of the Company, also participated in the September 2020 Offering, subscribing for 12,150,000 September 2020 FT Shares.

The 19,495,184 warrants issued were assigned a value of $404,000 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: 0.25%;
- Expected life: 2 years;
- Expected volatility: 139% based on historical trends;
- Unit price: $0.06; and
- Expected dividend yield: 0%.

The Company recognized a flow-through premium liability of $631,652 on the September 2020 FT Shares which is included in flow-through share liability and committed to incur $1,147,300 on exploration expenditures.

In connection with the September 2020 Offering, the Company paid a cash commission and other fees of $111,620 and issued an aggregate of 1,310,024 broker warrants. Each broker warrant is exercisable to acquire one September 2020 Hard Unit at an exercise price of $0.06 for a period of 2 years following the closing of the September 2020 Offering.

The 1,310,024 broker warrants issued were assigned a value of $42,000 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: 0.25%;
- Expected life: 2 years;
- Expected volatility: 139% based on historical trends;
- Unit price: $0.06; and
- Expected dividend yield: 0%.

10. Share Capital (Continued)

(b) Common shares issued (continued)

(iv) On April 9, 2021, the Company completed a private placement ("April 2021 Offering") pursuant to which it issued 45,740,909 flow-through common shares (the "April 2021 FT Shares") at a price of $0.11 per share to raise aggregate gross proceeds of $5,031,500. Insiders of the Company subscribed for an aggregate of 3,750,000 April 2021 FT Shares in the April 2021 Offering, being Mr. Richard Murphy, CEO of the Company, and Mr. Patrice Dubreuil, an officer and former President of the Company, subscribing for 1,650,000 and 1,100,000 April 2021 FT Shares, respectively. O3 Mining Inc. also participated in the April 2021 Offering, subscribing for 3,400,000 April 2021 FT Shares.

The Company recognized a flow-through premium liability of $1,372,227 on the April 2021 FT Shares which is included in flow-through share liability and committed to incur $5,031,500 of Canadian Exploration Expenditures.

In connection with the April 2021 Offering, the Company paid a cash commission and other fees of $186,243 and issued an aggregate of 1,381,864 broker warrants. Each broker warrant is exercisable to acquire one common share of the Company at an exercise price of $0.11 for a period of 3 years following the closing of the April 2021 Offering.

The 1,381,864 broker warrants issued were assigned a value of $79,500 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: 0.48%;
- Expected life: 3 years;
- Expected volatility: 135% based on historical trends;
- Share price: $0.08; and
- Expected dividend yield: 0%.

(v) On December 15, 2021, the Company completed a private placement ("December 2021 Offering") pursuant to which it issued an aggregate of 9,000,000 common shares at a price of $0.06 per share and 15,685,714 flow-through common shares (the "December 2021 FT Shares") at a price of $0.07 per share to raise aggregate gross proceeds of $1,638,000. Alamos and O3 Mining Inc. purchased an aggregate of 7,000,000 common shares and 2,000,000 common shares, respectively, in the December 2021 Offering.

The Company recognized a flow-through premium liability of $156,857 on the December 2021 FT Shares which is included in flow-through share liability and committed to incur $1,098,000 of Canadian Exploration Expenditures. In connection with the December 2021 Offering, the Company paid a cash commission and other fees of $81,081 and issued an aggregate of 98,000 finder's shares and 941,142 broker warrants. Each broker warrant is exercisable to acquire one common share of the Company at an exercise price of $0.07 for a period of 2 years following the closing of the December 2021 Offering.

The 941,142 broker warrants issued were assigned a value of $31,400 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: 0.95%;
- Expected life: 2 years;
- Expected volatility: 115% based on historical trends;
- Share price: $0.06; and
- Expected dividend yield: 0%.

(Expressed in Canadian Dollars)

11. Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2019	**41,391,200**	**$ 0.09**
Warrants granted (note 10(b))	52,301,900	0.10
Balance at December 31, 2020	**93,693,100**	**0.09**
Warrants granted ((i) and note 10(b))	3,571,266	0.09
Warrants exercised	(1,451,160)	0.06
Warrants expired	(10,858,300)	0.14
Balance at December 31, 2021	**84,954,906**	**$ 0.09**

(i) During the year ended December 31, 2021, an aggregate of 1,451,160 warrants were exercised into units, comprised of 1,451,160 common shares and 1,248,260 warrants. The 1,248,260 warrants issued were assigned a value of $62,100 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: 0.26%;
- Expected life: 1.7 years;
- Expected volatility: 122% based on historical trends;
- Share price: $0.09; and
- Expected dividend yield: 0%.

The Company had the following warrants outstanding at December 31, 2021:

Number of Warrants		Weighted Average Exercise Price ($)	Expiry Date
5,530,000	(v)	0.15	February 28, 2022
19,495,184		0.12	September 30, 2022
1,310,024	(ii)	0.06	September 30, 2022
29,934,026		0.09	February 13, 2023
1,562,666	(iii)	0.06	February 13, 2023
941,142		0.07	December 15, 2023
1,381,864		0.11	April 9, 2024
20,000,000		0.05	December 31, 2024
4,800,000	(iv)	0.05	December 31, 2024
84,954,906		**0.09**	

(ii) Exercisable into a unit, comprised of one common share and one purchase warrant exercisable at $0.12 expiring on September 30, 2022.
(iii) Exercisable into a unit, comprised of one common share and one purchase warrant exercisable at $0.09 expiring on February 13, 2023.
(iv) Exercisable into a unit, comprised of one common share and one purchase warrant exercisable at $0.05 expiring on December 31, 2024.
(v) Expired unexercised subsequent to December 31, 2021.

(Expressed in Canadian Dollars)

12. Stock Options

The Company has a formal stock option plan (the "Plan"). At the annual and special meeting held on June 23, 2021, the Company passed a resolution amending the existing stock option plan of the Company to provide for the issuance thereunder of such number of common shares of the Company as is equal to 10% of the aggregate number of common shares of the Company issued and outstanding from time to time. The following table reflects the continuity of stock options for the years ended December 31, 2021 and 2020:

	Number of Options	Weighted Average Exercise Price
Balance at December 31, 2019	**11,350,000**	**$ 0.10**
Stock options granted (i)(ii)	4,000,000	0.10
Balance at December 31, 2020	**15,350,000**	**0.10**
Stock options granted (iii)(iv)	27,150,000	0.10
Stock options expired	(13,050,000)	0.10
Balance at December 31, 2021	**29,450,000**	**$ 0.10**

(i) On February 14, 2020, the Company granted an aggregate of 3,000,000 stock options to a director, an officer and a consultant of the Company. Each stock option entitles the holder to acquire one common share of the Company at an exercise price of $0.10 until February 14, 2022 and vests immediately. The grant date fair value of $119,800 assigned to the stock options was estimated using the Black-Scholes valuation model with the following assumptions: share price of $0.065, expected dividend yield of 0%, expected volatility of 155% which is based on historical volatility of the Company's share price, risk-free rate of return of 1.37% and an expected maturity of 2 years. For the year ended December 31, 2021, $nil (2020 - $119,800) was expensed to option-based payments.

(ii) On June 29, 2020, the Company granted 1,000,000 stock options to a director of the Company. Each stock option entitles the holder to acquire one common share of the Company at an exercise price of $0.10 until June 29, 2025 and vests immediately. The grant date fair value of $30,000 assigned to the stock options was estimated using the Black-Scholes valuation model with the following assumptions: share price of $0.035, expected dividend yield of 0%, expected volatility of 150% which is based on historical volatility of the Company's share price, risk-free rate of return of 0.36% and an expected maturity of 5 years. For the year ended December 31, 2021, $nil (2020 - $30,000) was expensed to option-based payments.

(iii) On January 11, 2021, the Company granted 10,700,000 stock options to the directors, officers and consultants of the Company exercisable at a price of $0.10 per common share. The options vest immediately and expire in five years. The grant date fair value of $413,300 assigned to the stock options was estimated using the Black-Scholes valuation model with the following assumptions: share price of $0.045, expected dividend yield of 0%, expected volatility of 148% which is based on historical volatility of the Company's share price, risk-free rate of return of 0.46% and an expected maturity of 5 years. For the year ended December 31, 2021, $413,300 (2020 - $nil) was expensed to option-based payments.

(iv) On July 12, 2021, the Company granted 16,450,000 stock options to the directors, officers and consultants of the Company exercisable at a price of $0.10 per common share. The options vest immediately and expire in five years. The grant date fair value of $1,143,400 assigned to the stock options was estimated using the Black-Scholes valuation model with the following assumptions: share price of $0.08, expected dividend yield of 0%, expected volatility of 139% which is based on historical volatility of the Company's share price, risk-free rate of return of 0.93% and an expected maturity of 5 years. For the year ended December 31, 2021, $1,143,400 (2020 - $nil) was expensed to option-based payments.

(Expressed in Canadian Dollars)

12. Stock Options (Continued)

The Company had the following stock options outstanding as of December 31, 2021:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Expiry Date
100,000	100,000	0.10	1.62	August 13, 2023
200,000	200,000	0.10	1.74	September 26, 2023
2,000,000 (i)	2,000,000	0.10	0.12	February 14, 2022
1,000,000	1,000,000	0.10	3.50	June 29, 2025
9,700,000	9,700,000	0.10	4.03	January 11, 2026
16,450,000	16,450,000	0.10	4.53	July 12, 2026
29,450,000	**29,450,000**	**0.10**	**4.00**	

(i) Expired unexercised subsequent to December 31, 2021.

13. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended December 31, 2021 was based on the loss attributable to common shares of $8,084,515 (2020 - loss of $2,726,372) and the weighted average number of common shares outstanding of 303,866,916 (2020 - 220,783,163) for basic and diluted loss per share. Diluted loss per share did not include the effect of warrants and options for the years ended December 31, 2021 and 2020, as the effect would be anti-dilutive.

14. Exploration and Evaluation Expenditures Incurred

	Year Ended December 31, 2021	Year Ended December 31, 2020
Kenwest (a)	**$ 15,973**	$ 47,298
Gaffney (c)	**449**	450
Goudreau area properties		
Goudreau (b)(i)	**1,311,268**	893,417
Rockstar (d)	**24,086**	805,416
Stover (g)	**4,184,894**	1,702,697
Renabie East – Easy Lake (h)	**1,264,954**	243,924
	$ 6,801,624	$ 3,693,202

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

14. Exploration and Evaluation Expenditures (Continued)

(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 patented mining claims and mining licenses of occupation in the Township of Boyer Lake, Kenora Mining Division (collectively, the “Kenwest Property”). See note 19.

(b) Goudreau Property – Sault Ste. Marie Mining Division, Ontario

On September 12, 2017, the Company signed a binding agreement and acquired four contiguous parcels of land located in Jacobson Township within the Sault Ste. Marie Mining Division (collectively, the "Goudreau Property"). The Goudreau Property has been acquired in consideration of: (i) the issuance of 200,000 common shares of the Company (issued), (ii) a cash payment to the vendor in the amount of $60,000 (paid), and (iii) the issuance to the vendor of a net smelter royalty ("NSR") of 1% on production generated on the Goudreau Property (which may be purchased by Manitou at any time for a cash payment to the vendor in the amount of $1,000,000).

(c) 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 additional unpatented mining claims in the Townships of Lower Manitou Lake and Mang Lake, Kenora Mining Division.

The Company holds a 100% interest in 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 patented mining claims and 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.

See note 19.

(d) Rockstar Property – Sault Ste. Marie Mining Division, Ontario

On March 20, 2018, the Company entered into a binding purchase agreement to purchase the property known as the "Rockstar" Property, comprised of 16 unpatented mining claims located in Jacobson and Riggs Townships, Ontario (collectively, the "Rockstar Property"). On April 4, 2018, as a consideration for the acquisition of a 100% interest in the Rockstar Property, the Company made a cash payment of $200,000 and issued an aggregate of 4,000,000 common shares to the Vendor valued at $440,000 at $0.11 per share based on the quoted price on date of issue. In addition, the Company has granted a 1% NSR to the vendor at closing, one-half of which may be purchased by the Company for $500,000. The Property is also subject to an existing 2% NSR in favour of a third party, one-half of which may be purchased by the Company for $1,000,000.

14. Exploration and Evaluation Expenditures (Continued)

(e) Dog Lake Property – Sault Ste. Marie Mining Division, Ontario

On September 25, 2018, the Company entered into a letter agreement to acquire the Dog Lake Property, which is located in the Goudreau-Localsh deformation zone ("GLDZ"), comprised of 82 mining claims covering a total area of over 3,800 acres along the GLDZ. In consideration for the 100% purchase of the Dog Lake Property, the Company issued 800,000 common shares of the Company valued at $52,000 at $0.065 per share based on the quoted price at date of issue and paid $5,000 on closing. There is an underlying 2.0% NSR payable to the underlying vendor. The Company has agreed with the underlying vendor, who holds the NSR, to allow for the purchase by the Company of half (1.0%) of the underlying 2% NSR at any time for cash consideration of $1,000,000.

(f) Midas Property – Kenora Mining Division, Ontario

On September 19, 2018, the Company entered into a letter agreement to acquire the Midas Gold Property, which is located in the GLDZ, comprised of mining claims covering a total area of over 5,500 acres along the GLDZ. In consideration for the 100% purchase of the Midas Property, the Company issued 2,250,000 common shares of the Company valued at $146,250 at $0.065 per share, paid $50,000 on closing, and granted the vendors a 0.5% NSR on the property. The NSR is subject, at any time to a 100% buy back from the vendors for a cash consideration of $500,000. There is an underlying 2.0% NSR payable to the original vendors, half of which (1.0%) can be repurchased at any time for cash consideration of $1,000,000.

(g) Stover Property – Sault Ste. Marie Mining Division, Ontario

On June 18, 2019, the Company entered into an option agreement with a group of optionees providing for the grant to the Company an option to acquire a 100% interest in the property known as the Stover property, subject to 2% net smelter royalty ("NSR"). The Company may earn its interest in the Stover property by:

(i) transferring certain assessment credits to the optionees in the amount of up to $60,000;
(ii) issuing an aggregate of 2,000,000 common shares (issued);
(iii) making a cash payment of $30,000 upon receipt of TSX Venture Exchange ("TSXV") approval (paid);
(iv) making additional payments aggregating $600,000 in tranches over a three year period (which may be satisfied in cash or common shares of the Company at the prevailing market price at the time of issuance; completed by the issuance of 7,555,555 common shares); and
(v) the completion of exploration expenditures of $510,000 (completed) on the property over a three year period (one-half of which may be satisfied by the transfer of assessment credits of the Company from nearby properties).

During the year ended December 31, 2021, the Company fully exercised its option to acquire a 100% interest in the Stover property.

14. Exploration and Evaluation Expenditures (Continued)

(h) Renabie East Property – Sault Ste. Marie Mining Division, Ontario

On June 18, 2019, the Company entered into an option agreement with a group of optionees providing for the grant to the Company of an option to acquire a 100% interest in the property known as the Renabie East - Easy Lake property, subject to a 2% NSR. The Company may earn its interest in the property by:

(i) issuing an aggregate of 3,000,000 common shares over a three year period (2,000,000 shares issued and valued at $100,000);
(ii) making payments aggregating $200,000 in tranches over a four year period (which may be satisfied in cash or common shares of the Company at the prevailing market price at the time of issuance; completed by the issuance of 2,600,000 common shares); and
(iii) the completion of exploration expenditures of $600,000 (completed) on the property over a four year period (one-half of which may be satisfied by the transfer of assessment credits of the Company from nearby properties).

During the year ended December 31, 2021, the Company fully exercised its option to acquire a 100% interest in the Renabie East property.

(i) Shihan Property – Sault Ste. Marie Mining Division, Ontario

On June 30, 2020, the Company completed the acquisition of the Shihan property, located in Rennie Township, Ontario. In consideration, the Company issued an aggregate of 1,400,000 common shares, valued at $56,000, to the vendors. The property is subject to an existing 2% NSR in favour of a third party, one-quarter of which may be purchased by the vendors for $500,000. The property has been incorporated into the Company's Goudreau Project.

(j) Canamerica Property – Kenora Mining Division, Ontario

Pursuant to an option agreement dated June 3, 2009, the Company was granted an option to acquire unpatented mining claims in the Township of Boyer Lake, Kenora Mining Division (collectively, the “Canamerica Optioned Property”). Pursuant to the option agreement, the Company exercised 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% NSR. The Company can purchase 1% of the NSR for $1,000,000. The Company acquired a 100% beneficial interest in additional claims that were contiguous to the Canamerica Optioned Property (the Canamerica Optioned Property and additional claims collectively referred to as the “Canamerica Property”). These additional claims are also subject to the NSR to which the Canamerica Optioned Claims are subject, as described above. See note 19.

(k) 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 additional claims that were contiguous to the Sherridon Optioned Property (the Sherridon Optioned Property and the additional claims collectively referred to as the “Sherridon Property”). See note 19.

(Expressed in Canadian Dollars)

15. Office and General

	Year Ended December 31, 2021	Year Ended December 31, 2020
Salaries and benefits	**$ 874,184**	$ 144,496
Administration and general	**46,125**	116,820
Consulting	**90,000**	119,500
Marketing	**151,063**	15,569
Travel	**4,978**	11,703
Reporting issuer costs	**64,384**	90,697
Insurance	**31,711**	30,016
Amortization	**6,964**	1,833
	$ 1,269,409	$ 530,634

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, 2021, the Company paid professional fees and disbursements of $68,365 (2020 - $69,306) to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filing Services Limited, and Marrelli Press Release Services Ltd., together known as the "Marrelli Group", for:

(i) Carmelo Marrelli, Managing Director of the Marrelli Group, to act as the Chief Financial Officer ("CFO") of the Company;
(ii) Bookkeeping services;
(iii) Regulatory filing services; and
(iv) Corporate secretarial services.

These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at December 31, 2021, the Marrelli Group was owed $2,192 (December 31, 2020 - $1,490).

Salaries paid to key management personnel for the year ended December 31, 2021 totaled $408,973 (2020 - $237,277). Directors' fees paid for the year ended December 31, 2021 totaled $100,000 (2020 - $nil). Option-based payments to key management personnel and the Board of Directors of the Company for the year ended December 31, 2021 were valued using the Black-Scholes valuation model to be $1,026,080 (2020 - $69,333). Key management personnel are comprised of the Company's Chief Executive Officer ("CEO"), the President and the Company's CFO.

See also note 18 for details regarding change of control provisions with related parties.

As at December 31, 2021, Alamos controls 65,211,077 common shares, or approximately 19% of the total common shares outstanding of the Company. Alamos also holds 4,520,000 warrants to acquire additional 4,520,000 common shares of the Company at an exercise price of $0.09 per share. No other 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.

See note 10(b) for details regarding related party participation in the private placements.

(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 financial statements:

	2021	2020
Loss before income taxes	**$ (8,084,515)**	$ (2,726,372)
Statutory rate	**26.5%**	26.5%
Expected income tax recovery	**(2,142,000)**	(722,000)
Option-based payments	**415,000**	40,000
Change in deferred taxes not recognized	**1,727,000**	682,000
Income tax expense (recovery)	**$ -**	$ -

Deferred Income Taxes

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

	2021	2020
Non-capital loss carry forwards	**$ 9,151,000**	$ 7,541,000
Share issue costs and other	**823,000**	750,000
Mineral properties and deferred exploration costs	**15,124,000**	13,558,000
Other temporary differences	**126,000**	119,000
Total deductible temporary differences	**$ 25,224,000**	$ 21,968,000

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, 2021, the Company has non-capital tax loss carryforwards of $9,151,000 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	266,000
2037	362,000
2038	522,000
2039	901,000
2040	844,000
2041	1,610,000
	$ 9,151,000

18. Commitments and 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 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 Agreements

Pursuant to an executive employment agreement with the CEO, in the event of termination without cause, 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 termination, the CEO is entitled to receive payment of $270,000. 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 $360,000 plus payment equal to the amount of any bonus paid in the previous year.

Pursuant to an executive employment agreement with the Vice President Community and First Nations, in the event of termination without cause, the Vice President Community and First Nations is entitled to three months' base salary. In the event of termination, the Vice President Community and First Nations is entitled to receive payment of $33,750. In the event of a change of control of the Company, the Vice President Community and First Nations is entitled to receive a payment equal to 24 months' base salary in the sum of $270,000.

Pursuant to an agreement between the Company and a company controlled by the Vice President Corporate Development, the latter party is entitled to receive a cash fee (the "Completion Fee") based on a percentage of the transaction value for certain completed transactions. The receiving company may elect, at its option and sole discretion, to receive up to 50% of the Completion Fee in common shares of the Company at a price per share equal to the deemed price per share applicable in connection with any such completed transaction, as may be applicable and all subject to regulatory approval.

Flow-Through Expenditures

In connection with the flow-through share financings in 2021, the Company has committed to incur qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) of $6,129,500 by December 31, 2022. The Company has indemnified the holders of the April 2021 FT Shares and December 2021 FT Shares as well as any past flow-through share subscribers for any tax and other costs payable by them in the event that the Company does not incur the required flow through expenditures.

As at December 31, 2021, the Company has incurred approximately $4,662,500 of the required qualifying exploration expenditures.

18. Commitments and Contingencies (Continued)

COVID-19

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global gold prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of essential supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; or
- Ability to obtain funding.

The Canadian government has not introduced measures which impede the activities of Manitou. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Manitou in future periods.

19. Subsequent Event

On March 4, 2022, the Company entered into a binding agreement (the "Agreement") to sell a 100% interest in its Kenwest, Gaffney, Canamerica, and Sherridon Properties (collectively, the "Dryden Property") to Dryden Gold Corp. ("Dryden Gold"). Under the terms of the Agreement, the consideration includes:

- Cash payment of $1,000,000 on the effective date and the issuance of 4,000,000 Dryden Gold shares (the "Initial Payment", received in April 2022);
- $2,000,000 payable as 50% cash and 50% in Dryden Gold shares on the first anniversary of the effective date;
- $2,000,000 payable as 50% cash and 50% in Dryden Gold shares on the second anniversary of the effective date; and
- $2,000,000 payable as 50% cash and 50% in Dryden Gold shares on the third anniversary of the effective date.

Except the Initial Payment, all share issuances are contingent on Dryden Gold completing an initial public offering ("IPO") and shall be priced at the volume weighted average price of the shares on the principal stock exchange upon which they trade for the 20 trading days immediately preceding the respective option payment dates. If an IPO has not been completed by the respective option payment date, such option payment shall be payable entirely in cash.

Dryden Gold must also complete minimum exploration work on the Dryden Property totaling $1,400,000 over a 3 year period, of which Dryden Gold has made a firm commitment to complete $600,000 prior to the first anniversary of the effective date.

Upon payment in full of all cash payments, issuances of all shares, and completion of all work commitments, Dryden Gold will vest a 100% interest in the Dryden Property, subject to a 1% NSR to be retained by the Company (one half of which may be purchased, aside from the Kenwest Property, for a cash payment of $1,000,000).

The Agreement was completed on April 22, 2022.

Manitou Gold Inc.

Consolidated Schedule of Exploration and Evaluation Expenditures Incurred
(Expressed in Canadian Dollars)

Year Ended December 31, 2021	Stover*	Renabie East*	Rockstar*	Gaffney	Goudreau*	Kenwest	Total
Acquisition costs							
Share issuances (note 14)	$ 416,667	$ 300,000	$ -	$ -	$ -	$ -	**$ 716,667**
Property taxes/carrying costs	-	-	-	449	-	4,351	**4,800**
Claim staking	16,410	5,077	-	-	1,269	-	**22,756**
	433,077	305,077	-	449	1,269	4,351	**744,223**
Exploration expenditures							
Analysis and lab work	373,434	32,207	-	-	17,821	-	**423,462**
Consultants	899,445	70,169	231	-	77,453	789	**1,048,087**
Field operations	1,343,683	459,038	-	-	1,000	-	**1,803,721**
Field supplies and consumables	563,851	165,415	23,855	-	67,316	5,987	**826,424**
Geophysical services	217,061	-	-	-	950,012	-	**1,167,073**
Travel and accommodation	59,991	55,776	-	-	16,027	-	**131,794**
Wages and benefits	610,733	177,272	-	-	180,370	4,846	**973,221**
Recoveries	(316,381)	-	-	-	-	-	**(316,381)**
	3,751,817	959,877	24,086	-	1,309,999	11,622	**6,057,401**
Total exploration and evaluation expenditures	$ 4,184,894	$ 1,264,954	$ 24,086	$ 449	$ 1,311,268	$ 15,973	**$ 6,801,624**

* Part of Goudreau area properties

Manitou Gold Inc.
Consolidated Schedule of Exploration and Evaluation Expenditures Incurred
(Expressed in Canadian Dollars)

Year Ended December 31, 2020	Stover*	Renabie East*	Rockstar*	Gaffney	Goudreau*	Kenwest	Total
Acquisition costs							
Share issuances	$ 80,000	$ 44,000	$ -	$ -	$ 56,000	$ -	$ 180,000
Property taxes	-	-	-	450	-	3,998	4,448
Claim staking	3,285	685	1,525	-	12,630	-	18,125
	83,285	44,685	1,525	450	68,630	3,998	202,573
Exploration expenditures							
Analysis and lab work	225,048	1,823	63,527	-	85,859	-	376,257
Consultants	499,632	71,313	183,850	-	217,415	31,345	1,003,555
Field operations	451,710	515	250,296	-	331,585	11	1,034,117
Field supplies and consumables	181,905	96,537	155,130	-	98,400	2,597	534,569
Travel and accommodation	16,949	2,719	14,000	-	7,500	2,366	43,534
Wages and benefits	244,168	26,332	137,088	-	84,028	6,981	498,597
	1,619,412	199,239	803,891	-	824,787	43,300	3,490,629
Total exploration and evaluation expenditures	$ 1,702,697	$ 243,924	$ 805,416	$ 450	$ 893,417	$ 47,298	$ 3,693,202

* Part of Goudreau area properties