MANITOU GOLD INC.

CONSOLIDATED

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(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, 2019 and 2018, 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, 2019 and 2018, 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

McGovern Hurley

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, 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

McGovern Hurley

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 is Koko Yamamoto.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 24, 2020

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

	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash	**$ 2,744,913**	$ 330,969
Amounts receivable and other assets (note 6)	**196,639**	362,000
Total assets	**$ 2,941,552**	$ 692,969
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (notes 7 and 13)	**$ 162,663**	$ 29,563
Flow-through share liability (notes 7 and 8(b))	**945,335**	-
Total liabilities	**1,107,998**	29,563
Shareholders' equity		
Share capital (note 8)	**19,288,122**	17,064,269
Warrants (note 9)	**1,290,212**	554,415
Contributed surplus (note 10)	**302,510**	409,519
Deficit	**(19,047,290)**	(17,364,797)
Total shareholders' equity	**1,833,554**	663,406
Total shareholders' equity and liabilities	**$ 2,941,552**	$ 692,969

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 12 and 15)
Subsequent Events (note 16)

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, 2019	Year Ended December 31, 2018
General and administrative expense		
Exploration and evaluation expenditures (note 12)	**$ 1,292,610**	$ 1,990,975
Option-based payments (note 10)	**278,212**	24,298
Office and general (note 13)	**723,240**	441,781
Professional fees (note 13)	**48,784**	61,465
Total general and administrative expense	**2,342,846**	2,518,519
Loss before interest and other income	**(2,342,846)**	(2,518,519)
Other income	**275**	900
Flow-through premium income	**103,187**	-
Net loss and comprehensive loss for the year	**$ (2,239,384)**	$ (2,517,619)
Net loss and comprehensive loss per share - basic and diluted	**$ (0.02)**	$ (0.03)
Weighted average number of shares outstanding - basic and diluted (note 11)	**117,835,328**	88,373,499

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, 2019	Year Ended December 31, 2018
Operating activities		
Net loss for the year	**$ (2,239,384)**	$ (2,517,619)
Adjustments for:		
Option-based payments (note 10)	**278,212**	24,298
Shares issued on acquisition of property rights (note 12)	**165,000**	638,250
Flow-through premium income	**(103,187)**	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	**165,361**	(326,170)
Amounts payable and accrued liabilities	**133,100**	(69,145)
Net cash used in operating activities	**(1,600,898)**	(2,250,386)
Financing activities		
Issuance of share capital and warrants	**4,303,700**	1,380,400
Cost of issue	**(288,858)**	(1,237)
Warrants exercised (note 9)	**-**	120,500
Net cash provided by financing activities	**4,014,842**	1,499,663
Net change in cash	**2,413,944**	(750,723)
Cash, beginning of year	**330,969**	1,081,692
Cash, end of year	**$ 2,744,913**	$ 330,969
Supplemental cash flow information		
Broker warrants issued	**$ 232,334**	$ 8,566
Finder's units issued	**$ 15,250**	$ 8,064

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, 2017	**76,288,876**	**$ 15,267,415**	**$ 340,467**	**$ 389,721**	**$ (14,978,789)**	**$ 1,018,814**
Issue of units (note 8(b))	17,255,000	1,380,400	-	-	-	1,380,400
Cost of issue (note 8(b))	100,800	(11,976)	10,739	-	-	(1,237)
Warrant valuation (note 8(b))	-	(372,006)	372,006	-	-	-
Shares issued for property acquisition (note 12)	7,050,000	638,250	-	-	-	638,250
Warrants exercised (note 9)	1,700,000	162,186	(41,686)	-	-	120,500
Warrants expired (note 9)	-	-	(127,111)	-	127,111	-
Stock options expired (note 10)	-	-	-	(4,500)	4,500	-
Option-based payments (note 10)	-	-	-	24,298	-	24,298
Net loss for the year	-	-	-	-	(2,517,619)	(2,517,619)
Balance, December 31, 2018	**102,394,676**	**$ 17,064,269**	**$ 554,415**	**$ 409,519**	**$ (17,364,797)**	**$ 663,406**
Issue of units (note 8(b))	78,392,143	4,318,950	-	-	-	4,318,950
Cost of issue (note 8(b))	-	(459,443)	155,335	-	-	(304,108)
Flow-through share liability (note 8(b))	-	(1,048,522)	-	-	-	(1,048,522)
Warrant valuation (note 8(b))	-	(752,132)	752,132	-	-	-
Shares issued for property acquisition (note 12)	3,500,000	165,000	-	-	-	165,000
Warrants expired (note 9)	-	-	(171,670)	-	171,670	-
Stock options expired (note 10)	-	-	-	(385,221)	385,221	-
Option-based payments (note 10)	-	-	-	278,212	-	278,212
Net loss for the year	-	-	-	-	(2,239,384)	(2,239,384)
Balance, December 31, 2019	**184,286,819**	**$ 19,288,122**	**$ 1,290,212**	**$ 302,510**	**$ (19,047,290)**	**$ 1,833,554**

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 $2,239,384 for the year ended December 31, 2019 (year ended December 31, 2018 - loss of $2,517,619) and has an accumulated deficit of $19,047,290 as at December 31, 2019 (December 31, 2018 - $17,364,797). The Company had working capital of $1,833,554 at December 31, 2019 (December 31, 2018 - $663,406).

However, the existing funds may not be sufficient to explore potential exploration project acquisitions and in due course, further funding will be required (see note 16). 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 some uncertainty that may cast doubt on the Company's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

2. Significant Accounting Policies

Statement of Compliance

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

The consolidated financial statements for the year ended December 31, 2019 were approved and authorized for issue by the Board of Directors on April 24, 2020.

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

Recognition

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 asset consists of cash, which is classified as subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities, 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).

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. We use 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. During the year ended December 31, 2019, the Company received grants from Ontario Prospectors Association in the amount of $nil (2018 - $143,295) which has been included in exploration and evaluation expenditures.

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.

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.

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

Flow-Through Shares

Flow-through shares are a unique Canadian tax incentive. Flow-through proceeds are allocated between the offering of the common shares and the renunciation of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted market price of the common shares and the amount the investor pays for the flow-through shares. Flow-through share premium liability is recognized for the premium paid by the investors and is then reversed through the statements of loss and comprehensive loss in the period of renunciation. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

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, 2019 and 2018 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.

2. Significant Accounting Policies (continued)

Changes in Accounting Policy

IFRS 16 - Leases ("IFRS 16")

Effective January 1, 2019, the Company adopted IFRS 16. IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The adoption of IFRS 16 had no material impact to the Company's consolidated financial statements.

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, 2019 and 2018;
- 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, 2019, totaled $1,833,554 (December 31, 2018 - $663,406).

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, 2019 and 2018. 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, 2019, management believes it is compliant with known requirements.

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 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.

(Expressed in Canadian Dollars)

5. Financial Risk Factors (continued)

(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, 2019, the Company has accounts payable and accrued liabilities of $162,663 (December 31, 2018 - $29,563) due within 12 months and has cash of $2,744,913 (December 31, 2018 - $330,969) to meet its current obligations. Included in cash of $2,744,913 is $2,000,000 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, 2020 (See note 15).

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.

6. Amounts Receivable and Other Assets

	December 31, 2019	December 31, 2018
Sales tax receivable - (Canada)	**$ 5,591**	$ 17,704
Prepaid expenses	**166,048**	344,296
Subscription receivable	**25,000**	-
Total	**$ 196,639**	$ 362,000

7. Amounts Payable and Accrued Liabilities

	December 31, 2019	December 31, 2018
Trade payables	**$ 147,963**	$ 11,683
Accrued liabilities	**14,700**	17,880
Total	**$ 162,663**	$ 29,563

(Expressed in Canadian Dollars)

8. 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, 2019, the issued share capital amounted to $19,288,122. The changes in issued share capital for the years presented were as follows:

	Number of Shares	Amount
Balance at December 31, 2017	**76,288,876**	**$ 15,267,415**
Issue of units and shares (i)	17,255,000	1,380,400
Cost of issue	100,800	(11,976)
Warrant valuation (i)	-	(372,006)
Shares issued for property acquisition (note 12)	7,050,000	638,250
Warrants exercised	1,700,000	162,186
Balance at December 31, 2018	**102,394,676**	**$ 17,064,269**
Issue of units and shares (ii)(iii)(iv)	78,392,143	4,318,950
Cost of issue (ii)(iii)(iv)	-	(459,443)
Warrant valuation (ii)(iii)(iv)	-	(752,132)
Flow-through share liability (iii)(iv)	-	(1,048,522)
Shares issued for property acquisition (note 12)	3,500,000	165,000
Balance at December 31, 2019	**184,286,819**	**$ 19,288,122**

(i) On July 31, 2018, the Company closed a non-brokered private placement (the "July 2018 Offering") pursuant to which the Company issued 17,255,000 units ("Units") at a price of $0.08 per Unit to raise gross proceeds of $1,380,400. Each Unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share of the Company at $0.15 until July 31, 2021. Mr. Patrice Dubreuil, former President of the Company, subscribed for 425,000 Units.

In connection with the completion of the July 2018 Offering, the Company issued an aggregate of 100,800 finder's units ("Finder's Units") and 100,800 broker warrants ("Broker Warrants") to certain eligible finders assisting in the July 2018 Offering. The Finder's Units bear the same terms and conditions as the Units. Each Broker Warrant entitles the holder thereof to acquire one Unit at an exercise price of $0.08 until July 31, 2021.

The warrants issued were assigned a value of $374,179 (8,627,500 warrants included in Units - $372,006 and 50,400 warrants included in Finder's Units - $2,173) using the Blacks-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: 2.10%;
- Expected life: 3 years;
- Expected volatility: 157% based on historical trends;
- Share price: $0.06; and
- Expected dividend yield: 0%.

8. Share Capital (Continued)

(b) Common shares issued (continued)

(i) (continued) The 100,800 Broker Warrants issued were assigned a value of $8,566 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: 2.10%;
- Expected life: 3 years;
- Expected volatility: 157% based on historical trends;
- Share price: $0.06; and
- Expected dividend yield: 0%.

(ii) On February 28, 2019, the Company completed a non-brokered private placement (the "February 2019 Offering") pursuant to which it has issued (i) 7,310,000 units ("February 2019 Hard Units") at a price of $0.08 per February 2019 Hard Unit to raise aggregate gross proceeds of $584,800; and (ii) 3,750,000 flow-through units ("February 2019 FT Units") at a price of $0.08 per February 2019 FT Unit to raise aggregate gross proceeds of $300,000. Each February 2019 Hard Unit consists of one common share of the Company and one-half of one share purchase warrant (each whole such share warrant, a "February 2019 Warrant"), and each February 2019 FT Unit consists of one flow-through common share of the Company and one-half of one February 2019 Warrant. Each February 2019 Warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 and expires 3 years from the closing date of the February 2019 Offering. Insiders of the Company subscribed for an aggregate 3,750,000 February 2019 FT Units in the Offering, being Mr. Richard Murphy, CEO of the Company, subscribing for 2,500,000 February 2019 FT Units and Mr. Patrice Dubreuil, former President of the Company, subscribing for 1,250,000 February 2019 FT Units.

The 5,530,000 February 2019 Warrants issued were assigned a value of $236,539 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: 1.79%;
- Expected life: 3 years;
- Expected volatility: 155% based on historical trends;
- Share price: $0.06; and
- Expected dividend yield: 0%.

8. Share Capital (Continued)

(b) Common shares issued (continued)

(iii) On June 6, 2019, the Company completed a non-brokered private placement (the "June 2019 Offering") pursuant to which it has issued (i) 3,650,000 units ("June 2019 Hard Units") at a price of $0.05 per June 2019 Hard Unit to raise aggregate gross proceeds of $182,500; and (ii) 3,377,143 flow-through common shares ("June 2019 FT Shares") at a price of $0.07 per June 2019 FT Share to raise aggregate gross proceeds of $236,400. Each June 2019 Hard Unit consists of one common share of the Company and one-half of one share purchase warrant (each whole warrant, a "June 2019 Warrant"). Each June 2019 Warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.10 and expires 2 years from the closing date of the June 2019 Offering. In connection with the June 2019 Offering, the Company also issued an aggregate of 305,000 June 2019 Hard Units as finders' fees, as well as 305,000 broker warrants ("June 2019 Broker Warrants"), which each June 2019 Broker Warrant being exercisable to acquire one June 2019 Hard Unit at an exercise price of $0.05 until June 6, 2021. Mr. Carmelo Marrelli, an officer of the Company, subscribed for 200,000 June 2019 Hard Units.

The 1,977,500 June 2019 Warrants issued were assigned a value of $42,925 and the 305,000 June 2019 Broker Warrants issued were assigned a value of $10,558 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: 1.38%;
- Expected life: 2 years;
- Expected volatility: 143% based on historical trends;
- Weighted average share price: $0.04; and
- Expected dividend yield: 0%.

The Company recognized a flow-through premium of $103,187 on the June 2019 FT Shares which is included in flow-through share liability and has a commitment to incur $236,400 on exploration expenditures.

(iv) On December 31, 2019, the Company completed a non-brokered private placement (the "December 2019 Offering") pursuant to which it issued (i) 20,000,000 units ("December 2019 Units") at a price of $0.05 per unit to raise aggregate gross proceeds of $1,000,000; and (ii) 40,000,000 flow-through common shares ("December 2019 FT Shares") at a price of $0.05 per common share to raise aggregate gross proceeds of $2,000,000. Each December 2019 Unit consists of one common share of the Company and one share purchase warrant ("December 2019 Warrant"). Each December 2019 Warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.05 and expires 5 years from the closing date of the December 2019 Offering. In connection with the December 2019 Offering, the Company also paid $240,000 of cash brokerage fees and issued an aggregate of 4,800,000 broker warrants ("December 2019 Broker Warrants"). Each December 2019 Broker Warrant entitles the holder to acquire one December 2019 Unit at an exercise price of $0.05 for a period of 5 years from the closing of the December 2019 Offering. Insiders of the Company subscribed for an aggregate of 1,100,000 December 2019 Units in the December 2019 Offering, being Mr. Richard Murphy, CEO of the Company, subscribing for 600,000 December 2019 Units and Mr. Patrice Dubreuil, former President of the Company, subscribing for 500,000 December 2019 Units.

8. Share Capital (Continued)

(b) Common shares issued (continued)

(iv) (continued) The 20,000,000 December 2019 Warrants issued were assigned a value of $472,668 and the 4,800,000 December 2019 Broker Warrants issued were assigned a value of $221,776 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: 1.68%;
- Expected life: 5 years;
- Expected volatility: 157% based on historical trends; and
- Share price: $0.03; and
- Expected dividend yield: 0%.

The Company recognized a flow-through premium of $945,335 on the December 2019 FT Shares which is included in flow-through share liability and has a commitment to incur $2,000,000 on exploration expenditures.

Alamos Gold Inc. (“Alamos”) (TSX: AGI) purchased 36,673,077 common shares in connection with the December 2019 Offering, representing approximately 19.9% of the issued and outstanding common shares of Manitou immediately post-closing, as calculated on a non-diluted basis. Prior to the December 2019 Offering, Alamos did not hold any common shares of Manitou. Alamos and Manitou have entered into an Investor Rights Agreement, which provides Alamos with (i) the right to nominate one director to Manitou’s board of directors, (ii) non-dilution rights, such that Alamos can retain its pro-rata ownership in Manitou by participating in any subsequent share issuance, so long as Alamos retains at least 10% ownership of Manitou’s common shares outstanding on a partially diluted basis, and (iii) the right to participate in a joint Exploration Committee which will be established to discuss and advise on exploration strategy for Manitou’s Goudreau Project.

O3 Mining Inc. (TSX-V: OIII) and its assignees collectively purchased an aggregate of 14,500,000 Units in the December 2019 Offering, representing approximately 7.9% of the issued and outstanding common shares of Manitou immediately post-closing, as calculated on a non-diluted basis (or 15.7% on a partially diluted basis assuming exercise of the warrants comprising such Units only). Manitou granted O3 Mining Inc. the right to nominate one director to Manitou’s board of directors, as well as non-dilution rights such that O3 Mining Inc. can retain the pro-rata ownership of it and its assignees in Manitou as held immediately post-closing by participating, directly or through assignees, in any subsequent share issuance, so long as O3 Mining Inc. and its assignees retain at least 7.5% of Manitou’s outstanding common shares, as calculated on a partially diluted basis.

(Expressed in Canadian Dollars)

9. Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2019 and 2018:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2017	**10,765,333**	**$ 0.09**
Warrants granted (note 8(b))	8,778,700	0.15
Warrants exercised	(1,700,000)	0.07
Warrants expired	(5,200,000)	0.08
Balance at December 31, 2018	**12,644,033**	**$ 0.14**
Warrants granted (note 8(b))	32,612,500	0.08
Warrants expired	(3,865,333)	0.13
Balance at December 31, 2019	**41,391,200**	**$ 0.09**

The Company had the following warrants outstanding at December 31, 2019:

Number of Warrants		Weighted Average Exercise Price ($)	Expiry Date
1,977,500		0.10	June 6, 2021
305,000	(i)	0.05	June 6, 2021
8,677,900		0.15	July 31, 2021
100,800	(ii)	0.08	July 31, 2021
5,530,000		0.15	February 28, 2022
20,000,000		0.05	December 31, 2024
4,800,000	(iii)	0.05	December 31, 2024
41,391,200		**0.09**	

(i) Exercisable into a unit, comprised of one common share and one half purchase warrant exercisable at $0.10 for a period of two years.

(ii) Exercisable into a unit, comprised of one common share and one half purchase warrant exercisable at $0.15 for a period of two years.

(iii) Exercisable into a unit, comprised of one common share and one purchase warrant exercisable at $0.05 for a period of five years.

(Expressed in Canadian Dollars)

10. Stock Options

The Company has a formal stock option plan (the "Plan"). At the annual and special meeting held on June 20, 2019, 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, 2019 and 2018:

	Number of Options	Weighted Average Exercise Price
Balance at December 31, 2017	**6,200,000**	**$ 0.10**
Stock options granted (i)(ii)	300,000	0.10
Stock options expired	(250,000)	0.10
Balance at December 31, 2018	**6,250,000**	**$ 0.10**
Stock options granted (iii)	11,050,000	0.10
Stock options expired	(5,950,000)	0.10
Balance at December 31, 2019	**11,350,000**	**$ 0.10**

(i) On August 13, 2018, the Company granted 100,000 stock options to a consultant 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 $8,430 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $0.09, expected dividend yield of 0%, expected volatility of 166% which is based on historical volatility of the Company's share price, risk-free rate of return of 2.22% and an expected maturity of 5 years. For the year ended December 31, 2018, $8,430 was expensed to option-based payments.

(ii) On September 26, 2018, the Company granted 200,000 stock options to a consultant 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 $15,868 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $0.085, expected dividend yield of 0%, expected volatility of 165% which is based on historical volatility of the Company's share price, risk-free rate of return of 2.32% and an expected maturity of 5 years. For the year ended December 31, 2018, $15,868 was expensed to option-based payments.

(iii) On July 9, 2019, the Company granted 11,050,000 stock options to the directors and officers of the Company 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 $278,212 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $0.045, expected dividend yield of 0%, expected volatility of 143% which is based on historical volatility of the Company's share price, risk-free rate of return of 1.64% and an expected maturity of 2 years. For the year ended December 31, 2019, $278,212 was expensed to option-based payments.

(Expressed in Canadian Dollars)

10. Stock Options (Continued)

The Company had the following stock options outstanding as of December 31, 2019:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Expiry Date
11,050,000	11,050,000	0.10	1.52	July 9, 2021
100,000	100,000	0.10	3.62	August 13, 2023
200,000	200,000	0.10	3.74	September 26, 2023
11,350,000	**11,350,000**	**0.10**	**1.58**	

11. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended December 31, 2019 was based on the loss attributable to common shares of $2,239,384 (year ended December 31, 2018 - loss of $2,517,619) and the weighted average number of common shares outstanding of 117,835,328 (year ended December 31, 2018 - 88,373,499) 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, 2019 and year ended December 31, 2018, as they are anti-dilutive.

12. Exploration and Evaluation Expenditures Incurred

	Year Ended December 31, 2019	Year Ended December 31, 2018
Kenwest (a)	**$ 138,859**	$ 518,456
Gaffney (c)	**231**	340
Goudreau area properties		
Goudreau (b)	**649,253**	565,929
Rockstar (d)	**74,192**	653,000
Dog Lake (e)	**-**	57,000
Midas (f)	**-**	196,250
Stover (g)	**259,156**	-
Renabie East - Easy Lake (h)	**170,919**	-
	$ 1,292,610	$ 1,990,975

On February 9, 2019, the Company entered into an investment agreement ("Investment Agreement") and related agreements with GoldSpot Discoveries Inc. ("GoldSpot") to advance all of Manitou's properties. The Investment Agreement and related agreements provides for (i) the subscription by GoldSpot of 7,250,000 Hard Units in the February 2019 Offering (see note 8(b)); and (ii) the grant to GoldSpot of two options to each purchase a 0.25% net smelter return royalty ("NSR") with respect to each of the Goudreau, Rockstar, Midas, Dog Lake, Canamerica and Sherridon properties of the Company, for consideration of $500,000 each. In addition, concurrently with the execution of the Investment Agreement, the Company has entered into (i) two royalty agreements providing for the grant to GoldSpot of an aggregate 0.5% net smelter return royalty on all metals produced from the Kenwest property of the Company; and (ii) a services agreement pursuant to which the Company will retain GoldSpot for a period of one year in order to provide services related to the evaluation and identification of possible mineralization and drill targets on the Company's properties.

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

12. 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”).

(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 totaling approximately 160 acres of patented surface and mining rights 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.

(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.

12. 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); and
(v) the completion of exploration expenditures of $510,000 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).

(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 (1,500,000 shares issued and valued at $75,000);
(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); and
(iii) the completion of exploration expenditures of $600,000 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).

12. Exploration and Evaluation Expenditures (Continued)

(i) 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.

(j) 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").

13. 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, 2019, the Company paid professional fees and disbursements of $57,281 (year ended December 31, 2018 - $64,205) to Marrelli Support Services Inc., DSA Corporate Services Inc., and DSA Filing Services Limited, 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, 2019, the Marrelli Group was owed $17,444 (December 31, 2018 - $3,177).

Salaries paid to key management personnel for the year ended December 31, 2019 totaled $657,348 (year ended December 31, 2018 - $331,781). Option-based payments to key management personnel for the year ended December 31, 2019 totaled $278,212 (year ended December 31, 2018 - $nil). Key management personnel are comprised of the Company's Chief Executive Officer ("CEO"), the President and the Company's CFO. As at December 31, 2019, key management personnel (excluding the CFO) were owed $50,809 (December 31, 2018 - $5,893). The Board of Directors do not have employment or service contracts with the Company. Directors and officers are entitled to stock options for their services.

As at December 31, 2019, Alamos Gold Inc. controls 36,673,077 common shares, or approximately 19.9% of the total common shares outstanding of the Company. 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 15 for details regarding change of control provisions with related parties.

See note 8(b) for details regarding related party participation in the private placements.

See note 16.

(Expressed in Canadian Dollars)

14. 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:

	2019	2018
Loss before income taxes	**$ (2,239,384)**	$ (2,517,619)
Statutory rate	**26.5%**	26.5%
Expected income tax expense (recovery)	**(593,000)**	(667,000)
Stock based compensation	**74,000**	6,000
Non-deductible expenses	**2,000**	2,000
Change in deferred taxes not recognized	**517,000**	659,000
Income tax expense (recovery)	**$ -**	$ -

Deferred Income Taxes

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

	2019	2018
Non-capital loss carry forwards	**$ 6,695,000**	$ 5,761,000
Share issue costs and other	**477,000**	59,000
Mineral properties and deferred exploration costs	**13,339,000**	13,390,000
Other temporary differences	**85,000**	85,000
Total temporary differences	**$ 20,596,000**	$ 19,295,000

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, 2019, the Company has non-capital tax loss carryforwards of $6,695,000 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	899,000
	$ 6,695,000

15. 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 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 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 $210,000. 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.

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 December 2019, the Company has committed to incur qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) of a total of $2,000,000 by December 31, 2020. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures. As at December 31, 2019, the Company has incurred $nil of the required qualifying exploration expenditures.

16. Subsequent Events

On January 30, 2020, the Company announced the following board and management appointments:

- Mr. Blair Zaritsky was appointed as a director of the Company;
- Mr. Craig Stanley resigned as a director of the Company;
- Mr. Donato Sferra was appointed as Vice President Corporate Development;
- Mr. Pat Dubreuil resigned as the President of the Company and was appointed as Vice President Community and First Nations Engagement; and
- Mr. Richard Murphy, the current CEO and a director of the Company, was appointed as President.

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 $1,733,319; 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 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 $0.09 until the date which is 3 years from the closing date of the February 2020 Offering. Alamos subscribed in the February 2020 Offering to maintain its 19.9% interest in the Company. Alamos subscribed for 4,520,000 February 2020 Hard Units and Mr. Blair Zarisky, a director of the Company, subscribed for 266,666 February 2020 FT Shares

In connection with the February 2020 Offering, the Company paid a cash commission 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.

On February 14, 2020, the Company issued 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, 2025 and vests immediately.

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 further affect the Company’s operations and ability to finance its operations.

Manitou Gold Inc.
Consolidated Schedule of Exploration and Evaluation Expenditures Incurred
(Expressed in Canadian Dollars)
Year Ended December 31, 2019

	Stover*	Renabie East*	Rockstar*	Gaffney	Goudreau*	Kenwest	Total
Acquisition costs							
Cash payment (note 12)	$ 30,000	$ -	$ -	$ -	$ -	$ -	**$ 30,000**
Share issuances (note 12)	90,000	75,000	-	-	-	-	**165,000**
Property taxes/carrying costs	-	-	-	231	-	4,052	**4,283**
	120,000	75,000	-	231	-	4,052	**199,283**
Exploration expenditures							
Analysis and lab work	5,120	5,029	-	-	7,448	-	**17,597**
Consultants	74,268	39,167	2,277	-	278,836	62,699	**457,247**
Field preparation	9,007	-	11,004	-	29,101	-	**49,112**
Field supplies and consumables	8,682	10,103	1,013	-	12,855	2,629	**35,282**
Legal	-	-	-	-	680	-	**680**
Travel and accommodation	9,002	7,051	2,481	-	25,580	2,440	**46,554**
Wages and benefits	33,077	34,569	57,417	-	294,753	67,039	**486,855**
	139,156	95,919	74,192	-	649,253	134,807	**1,093,327**
Total exploration and evaluation expenditures	$ 259,156	$ 170,919	$ 74,192	$ 231	$ 649,253	$ 138,859	**$ 1,292,610**

* Part of Goudreau area properties

Manitou Gold Inc.

Consolidated Schedule of Exploration and Evaluation Expenditures Incurred
(Expressed in Canadian Dollars)
Year Ended December 31, 2018

	Dog Lake*	Midas*	Rockstar*	Gaffney	Goudreau*	Kenwest	Total
Acquisition costs							
Cash payment	$ 5,000	$ 50,000	$ 200,000	$ -	$ -	$ -	$ 255,000
Share issuances	52,000	146,250	440,000	-	-	-	638,250
Property taxes	-	-	-	340	-	3,901	4,241
	57,000	196,250	640,000	340	-	3,901	897,491
Exploration expenditures							
Analysis and lab work	-	-	-	-	69,185	44,298	113,483
Claim staking	-	-	-	-	5,460	800	6,260
Consultants	-	-	-	-	300	23,700	24,000
Drilling	-	-	-	-	-	285,478	285,478
Field preparation	-	-	-	-	172,858	-	172,858
Field supplies and consumables	-	-	-	-	33,067	8,138	41,205
First Nation's carrying costs	-	-	13,000	-	-	-	13,000
Legal	-	-	-	-	1,421	-	1,421
Line cutting	-	-	-	-	12,150	-	12,150
Mine engineering	-	-	-	-	-	161,809	161,809
Travel and accommodation	-	-	-	-	104,258	13,120	117,378
Wages and benefits	-	-	-	-	210,525	77,212	287,737
Exploration rebate	-	-	-	-	(43,295)	(100,000)	(143,295)
	-	-	13,000	-	565,929	514,555	1,093,484
Total exploration and evaluation expenditures	$ 57,000	$ 196,250	$ 653,000	$ 340	$ 565,929	$ 518,456	$ 1,990,975

* Part of Goudreau area properties