



C2C Gold Corp.
(formerly Taku Gold Corp.)

(An Exploration Stage Company)

Condensed Interim Financial Statements
(Unaudited – Prepared by Management)

Nine months ended September 30, 2020 and 2019
(Expressed in Canadian Dollars)

C2C Gold Corp.

(formerly Taku Gold Corp.)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

C2C Gold Corp. (formerly Taku Gold Corp.)

Condensed Interim Statements of Financial Position

September 30, 2020 and December 31, 2019

(Unaudited – Expressed in Canadian Dollars)

	Notes	September 30, 2020 (unaudited)	December 31, 2019 (audited)
Assets			
Current assets			
Cash and cash equivalents		\$ 75,383	\$ 5,816
Accounts receivable	5	3,496	13,674
Prepaid expenses and deposits		15,159	9,659
Marketable securities	4	23,000	10,000
		<u>117,038</u>	<u>39,149</u>
Reclamation bonds		25,000	25,000
Exploration and evaluation assets	6	5,572,945	5,480,500
		<u>\$ 5,714,983</u>	<u>\$ 5,544,649</u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		72,302	39,326
Due to related party	9	114,486	66,305
Advance	6	100,000	-
		<u>286,788</u>	<u>105,631</u>
Shareholders' equity			
Share capital	7	21,179,531	21,126,531
Contributed surplus	8	3,782,374	3,780,755
Deficit		(19,533,710)	(19,468,268)
		<u>5,428,195</u>	<u>5,439,018</u>
		<u>\$ 5,714,983</u>	<u>\$ 5,544,649</u>

Nature of operations and continuance of operations (Note 1)

Subsequent events (Note 12)

Approved by the board of directors:

"Janet Lee-Sheriff" Director"Trey Wasser" Director

C2C Gold Corp. (formerly Taku Gold Corp.)

Condensed Interim Statements of Comprehensive Loss

Nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Expenses					
Management and consulting fees	9	\$ -	\$ 14,700	\$ 12,400	\$ 54,625
Professional fees	9	17,369	12,798	23,609	32,364
Office and miscellaneous	9	3,044	8,036	15,507	26,429
Transfer agent and filing fees		5,051	7,367	13,029	24,748
Travel and promotion		6,895	2,565	12,297	6,870
Stock-based compensation (recovery)	8,9	(2,261)	6,009	1,619	20,720
		(30,098)	(51,475)	(78,461)	(165,756)
Other items					
Interest income		-	32	19	95
Fair value adjustment on marketable securities		9,000	2,000	13,000	5,000
		9,000	2,032	13,019	5,095
Net loss and comprehensive loss for the period		\$ (21,098)	\$ (49,443)	\$ (65,442)	\$ (160,661)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		45,643,244	44,847,058	45,271,332	43,202,010

C2C Gold Corp. (formerly Taku Gold Corp.)

Condensed Interim Statements of Changes in Shareholders' Equity

Nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, December 31, 2018	39,846,515	\$ 20,786,781	\$ 3,760,145	\$ (19,264,348)	\$ 5,282,578
Shares issued for property acquisition	5,050,000	329,750	-	-	329,750
Stock options exercised	125,000	10,000	(3,750)	-	6,250
Stock-based compensation	-	-	20,720	-	20,720
Net loss and comprehensive loss for the period	-	-	-	(160,661)	(160,661)
Balance, September 30, 2019	45,021,515	\$ 21,126,531	\$ 3,777,115	\$ (19,425,009)	\$ 5,478,637
Balance, December 31, 2019	45,021,515	\$ 21,126,531	\$ 3,780,755	\$ (19,468,268)	\$ 5,439,018
Shares issued for property acquisition	700,000	53,000	-	-	53,000
Stock-based compensation	-	-	1,619	-	1,619
Net loss and comprehensive loss for the period	-	-	-	(65,442)	(65,442)
Balance, September 30, 2020	45,721,515	\$ 21,179,531	\$ 3,782,374	\$ (19,533,710)	\$ 5,428,195

See accompanying notes to the condensed interim financial statements

C2C Gold Corp. (formerly Taku Gold Corp.)

Condensed Interim Statements of Cash Flows
Nine months ended September 30, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

	<u>2020</u>	<u>2019</u>
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (65,442)	\$ (160,661)
Adjustments for:		
Stock-based compensation	1,619	20,720
Fair value adjustment on marketable securities	(13,000)	(5,000)
Change in non-cash working capital items		
Accounts receivable	10,178	882
Prepaid expenses	(5,500)	2,086
Accounts payable and accrued liabilities	2,976	62,092
Due to related party	27,181	-
	<u>(41,988)</u>	<u>(79,881)</u>
Financing activities:		
Due to related party	21,000	-
Stock options exercised	-	6,250
	<u>21,000</u>	<u>6,250</u>
Investing activities:		
Investment in exploration and evaluation assets	(9,445)	(129,029)
Advance for exploration and evaluation asset	100,000	-
	<u>90,555</u>	<u>(129,029)</u>
Change in cash	69,567	(202,660)
Cash – beginning	5,816	254,247
Cash – end	\$ 75,383	\$ 51,587

See accompanying notes to the condensed interim financial statements

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

C2C Gold Corp. (formerly Taku Gold Corp.) (the “Company”) was incorporated on July 19, 1999, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. Prior to November 25, 2020, the Company’s shares were traded on the Canadian Securities Exchange (“CSE”) under the symbol “TAK”. The head office, principal address and records office of the Company are located at 200 Burrard Street, Suite 250, Vancouver, British Columbia, Canada.

On October 30, 2020, the Company entered into three separate option agreements with Shawn Ryan and Wildwood Exploration Inc. to acquire a 100-per-cent interest in three properties located in the Newfoundland Gold Belt (Note 12).

Effective November 25, 2020, reflecting the Company’s new focus in Newfoundland, the Company changed its name from Taku Gold Corp. to C2C Gold Corp. Upon completion and approval of the name change, the Company will commence trading under its new name and ticker symbol “CTOC” on the CSE.

The Company is an exploration stage company focused on the acquisition and exploration of mineral properties in Canada and has not yet determined the existence of economically recoverable reserves. The recoverability of the amounts shown for interests in mineral properties is dependent upon the discovery of economically recoverable reserves or proceeds from the disposition thereof, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the properties and on future profitable operations.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital. At September 30, 2020, the Company had an accumulated deficit of \$19,533,710 (December 31, 2019 - \$19,468,268) and incurred a net loss for the nine-month period of \$65,442 (2019 - \$160,661).

The Company’s continued operations are dependent on its ability to raise additional funding from equity financings, loans, or other arrangements. There is no assurance that future financing activities will be successful. These conditions give rise to a material uncertainty which casts significant doubt on the Company’s ability to continue as a going concern, and, therefore, its ability to realize its assets and discharge its liabilities in the ordinary course of operations.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. Efforts to contain the virus have with its field activities. While the health and safety of our team, contractors and community at large remain a high priority, it is not possible for the Company at this time to predict the duration or magnitude of the impact of the pandemic towards the Company’s business or results from its operations.

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements
Nine months ended September 30, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

The condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

The policies applied in these condensed interim financial statements are based on IFRS issued and effective as of September 30, 2020. The Board of Directors approved the condensed interim financial statements for issue on November 27, 2020.

b. Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value.

c. Significant accounting policies

Except as set out below, these condensed interim financial statements follow the same accounting policies and methods of computation as the most recent audited annual financial statements of the Company for the year ended December 31, 2019. Accordingly, these condensed interim financial statements should be read in conjunction with the Company’s most recent annual audited financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company’s condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the years of change, if the change affects that year only, or in the year of the change of future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires significant judgment in determining if a mineral property is impaired. The Company follows the guidance in IFRS 6 to determine when a mineral property is impaired. In making this judgement, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the Company's future plans to explore and evaluate the property.

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Going concern

The determination of the Company's ability to continue as a going concern requires significant judgement. Adjustments to the condensed interim financial statements are required if the going concern assumption proved inappropriate could be material.

4. MARKETABLE SECURITIES

As at September 30, 2020, marketable securities comprise 200,000 common shares (December 31, 2019 - 200,000) in publicly traded company, Independence Gold Corp., valued at \$23,000 (December 31, 2019 - \$10,000).

5. ACCOUNTS RECEIVABLE

As at September 30, 2020, accounts receivable consists of goods and services tax of \$3,496 (December 31, 2019 - \$13,569) and other receivables of \$Nil (December 31, 2019 - \$105). Accounts receivable are valued at amortized cost.

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements
 Nine months ended September 30, 2020 and 2019
 (Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Sonora Gulch (\$)	Rosebute (\$)	Lucky Joe (\$)	Sulphur (\$)	Quartz (\$)	Wounded Moose (\$)	Korat (\$)	Chopin (\$)	Keynote (\$)	Other Yukon * (\$)	Tagish (\$)	Total (\$)
Acquisition Costs												
Balance – December 31, 2018	900,000	368,730	183,750	281,038	51,284	45,222	183,750	183,750	95,000	69,575	1	2,362,100
Option payment - cash	-	25,000	-	-	-	-	-	-	-	35,000	-	60,000
Option payment - shares	308,750	-	-	-	-	-	-	-	-	21,000	-	329,750
Other	735	677	-	-	880	-	-	1,890	-	1,507	-	5,689
Balance – December 31, 2019	1,209,485	394,407	183,750	281,038	52,164	45,222	183,750	185,640	95,000	127,082	1	2,757,539
Option payment - cash	-	25,000	-	-	-	-	-	-	-	35,000	-	60,000
Option payment - shares	-	-	-	-	-	-	-	-	-	28,000	-	28,000
Other	-	1,138	1,137	-	-	-	-	-	-	770	-	3,045
Balance – September 30, 2020	1,209,485	420,545	184,887	281,038	52,164	45,222	183,750	185,640	95,000	190,852	1	2,848,584
Exploration & Evaluation Expenditures												
Balance – December 31, 2018	9,232	1,306,430	36,707	1,004,255	80,352	81,144	11,077	3,581	7,467	39,395	42,656	2,622,296
Assay	-	4,147	-	-	4,031	-	-	-	-	15,315	-	23,493
Logistics & support	-	337	-	-	150	-	-	-	-	1,250	-	1,737
Personnel	-	29,274	1,800	-	7,760	-	-	-	-	21,032	-	59,866
Transportation	-	5,370	-	-	2,447	-	-	-	-	7,752	-	15,569
Balance – December 31, 2019	9,232	1,345,558	38,507	1,004,255	94,740	81,144	11,077	3,581	7,467	84,744	42,656	2,722,961
Personnel	-	1,400	-	-	-	-	-	-	-	-	-	1,400
Balance – September 30, 2020	9,232	1,346,958	38,507	1,004,255	94,740	81,144	11,077	3,581	7,467	84,744	42,656	2,724,361
Exploration & Evaluation Assets												
Balance – December 31, 2019	1,218,717	1,739,965	222,257	1,285,293	146,904	126,366	194,827	189,221	102,467	211,826	42,657	5,480,500
Balance – September 30, 2020	1,218,717	1,767,503	223,394	1,285,293	146,904	126,366	194,827	189,221	102,467	275,596	42,657	5,572,945

* Other Yukon includes Bishop-Montana, McQ, Forty Mile, Portland, Gold Run and Midas properties.

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements
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(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sonora Gulch Property – Yukon, Canada

During the year ended December 31, 2017, the Company entered into an option agreement with Golden Predator Mining Corp. (“Golden Predator”), whereby the Company could earn a 100% interest in the Sonora Gulch property. The agreement was amended in August 2018 to extend certain payment terms and amended again in March 2019. Under the final amendment, Taku completed its option by issuing Golden Predator 4,750,000 shares (in addition to the 4,500,000 shares previously issued under the original agreement) and now holds 100% of the property.

The Company issued the following shares to complete the option:

- 4,500,000 (issued in 2017)
- 4,750,000 (issued in 2019)

The property is subject to a 1% NSR to Golden Predator and an additional 1% NSR to underlying vendors, of which 0.5% can be repurchased from the underlying vendors for \$1,000,000.

Rosebute Property – Yukon, Canada

The Company holds 100% of the Rosebute property subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for \$2,000,000. An annual advance royalty payment of \$25,000 commenced in 2015 and continues for 10 years (\$250,000 total). During the nine months ended September 30, 2020, the Company issued 500,000 (2019 - Nil) common shares to the vendor.

Portland Property – Yukon, Canada

During the year ended December 31, 2019, the Company acquired the high-grade Portland Gold Project located in the White Gold District, Yukon, Canada in exchange for \$20,000 and a 1.0% NSR Royalty, of which 100% can be repurchased for \$200,000.

Gold Run and Midas Properties – Yukon, Canada

During the year ended December 31, 2019, the Company also entered into option agreements to acquire 100% of the adjacent Gold Run and Midas properties in the Yukon’s White Gold District to consolidate a larger land position. Both property agreements have the same following terms to complete the options:

- a) cash payments of \$150,000
- b) issue to the vendor 300,000 shares
- c) incur exploration expenditures totalling \$250,000, all over a five-year period.

The vendor was granted a 2% NSR royalty on each of the properties, of which 1% can be repurchased at any time prior to the commencement of commercial production for \$1,500,000. Following completion of the option agreements, an annual advanced minimum royalty payment of \$10,000 will be due. Additionally, if the Company completes a pre-feasibility study on the projects that result in a certain dollar value per gold equivalent ounce, the Company will pay \$1,000,000 to the vendor.

During the nine months ended September 30, 2020, the Company issued 200,000 (2019 - 300,000) common shares to the vendor. The first-year anniversary cash payments of \$30,000 (2019 - \$15,000) were extended from August 1, 2020 to October 1, 2020 in exchange of one-time-payment of \$5,000 to the vendor.

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Notes to the Condensed Interim Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Other Yukon (White Gold District), Canada Properties

The Company holds 100% of the following Yukon properties, subject to the royalties indicated:

- **Lucky Joe** - is subject to a 1.5% NSR royalty to Golden Predator and a further 1.5% NSR royalty to an underlying vendor, of which 0.75% can be repurchased from the underlying vendor for \$2,000,000.
- **Sulphur** - is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for \$1,000,000.
- **Quartz** - is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for \$1,000,000.
- **Wounded Moose** - is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for \$1,000,000.
- **Korat** - is subject to a 1.0% NSR royalty to Golden Predator.
- **Chopin** - is subject to a 1.0% NSR

Other Yukon (Keno Hill Gold District), Canada Properties

The Company holds 100% of the following Yukon properties, subject to the royalties indicated:

- **Keynote** - is subject to a 2.5% NSR royalty
- **McQ** - no royalty.

TAG Property - British Columbia, Canada

The Company holds a 100% interest in the TAG property ("Property") located near Atlin, BC, subject to a 2.5% net smelter return ("NSR") royalty of which 1.5% can be repurchased on the basis of \$500,000 for each 0.5%.

On July 29, 2020, the Company entered into an agreement with Engineer Gold Mines Ltd. ("Engineer") for the sale of a 100% interest in the Property for considerations of up to \$1,200,000 plus a 1.0% NSR royalty, which can be purchased by Engineer for \$1,000,000.

Closing of the transaction is subject to completion of a definitive agreement based on the key terms outlined in the binding Memorandum of Understanding ("MOU"). The MOU outlines the following considerations to the Company in exchange for the Property:

- \$200,000 in cash (\$100,000 received) and an additional \$100,000 due on or before November 30, 2020 ;
- \$330,000 in shares based on the issuance of 2,000,000 common shares of Engineer at \$0.165 within five days of applicable stock exchange approvals of a definitive agreement;
- \$250,000 in advance royalty payments over ten years, payable in cash or shares;
- \$500,000 payment upon on completion of a Preliminary Economic Assessment or Feasibility Study that includes mineral resources located within the Property; and
- A 1.0% Net Smelter Return royalty, which can be purchased by Engineer for \$1,000,000 in cash.

During the nine months ended September 30, 2020, the Company received an advance payment of \$100,000 (2019 - \$Nil) as per the terms outlined in the MOU. Title to the Property will be transferred to Engineer on execution of the definitive agreement.

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Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized share capital:

An unlimited number of common shares without par value.

During the nine months ended September 30, 2020, the Company:

- Issued 500,000 common shares valued at \$25,000 in connection with the Rosebute property (Note 6);
- Issued 200,000 common shares valued at \$28,000 in connection with the Gold Run and Midas properties (Note 6).

During the year ended December 31, 2019, the Company:

- Issued 4,750,000 common shares valued at \$308,750 in connection with the acquisition of the Sonora Gulch property (Note 6);
- Issued 300,000 common shares valued at \$21,000 in connection with the acquisition of the Gold Run and Midas properties (Note 6); and
- Issued 125,000 common shares for proceeds of \$6,250 from the exercise of stock options (Note 8).
- In addition, a fair value of \$3,750 was reallocated from contributed surplus to share capital on the exercise of the options.

8. STOCK OPTIONS AND WARRANTS

Stock options

The Company has adopted an incentive stock option plan, which allows the Company to issue non-transferable stock options to directors, officers, employees, consultants and other participants of the Company at the discretion of the Board of Directors and in accordance with stock exchange requirements. Under the plan, options can be granted for a maximum term of five years and the total number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares at any time. The exercise price, expiry date, and vesting terms of each option is determined by the Board of Directors at the time of grant, provided that the exercise price may not be less than the price permitted by the policies of the stock exchange(s) on which the Company's common shares are listed.

Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, December 31, 2018	1,910,000	\$ 0.14
Granted	300,000	0.07
Exercised	(125,000)	0.05
Balance, December 31, 2019	2,085,000	\$ 0.13
Expired/Forfeited	(625,000)	0.05
Balance, September 30, 2020	1,460,000	\$ 0.13
Exercisable, September 30, 2020	1,385,000	\$ 0.13

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Notes to the Condensed Interim Financial Statements
Nine months ended September 30, 2020 and 2019
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8. STOCK OPTIONS AND WARRANTS (CONTINUED)

Stock options (continued)

As at September 30, 2020, outstanding incentive stock options were as follows:

Expiry Date	September 30, 2020		December 31, 2019	
	Outstanding Options	Exercise Price (\$)	Outstanding Options	Exercise Price (\$)
April 15, 2021	130,000	0.07	130,000	0.07
June 30, 2021	30,000	0.10	30,000	0.10
September 7, 2021	-	-	125,000	0.05
June 1, 2022	100,000	0.07	100,000	0.07
August 6, 2022	200,000	0.07	200,000	0.07
September 8, 2022	400,000	0.20	600,000	0.20
December 15, 2022	600,000	0.13	900,000	0.13
	1,460,000	0.13	2,085,000	0.13

As at September 30, 2020, the weighted average remaining life of the outstanding options was 1.87 years (December 31, 2019 – 2.43 years).

During the nine months ended September 30, 2020, the Company recognized stock-based compensation of \$1,619 (2019 - \$20,720) related to the vested stock options granted in prior years. There were no stock options granted during the nine months ended September 30, 2020 (2019 – 300,000).

Warrants

Share purchase warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2018	17,911,100	\$ 0.15
Expired	(17,911,100)	0.15
Balance, December 31, 2019 and September 30, 2020	-	\$ -

9. RELATED PARTY TRANSACTIONS

a) Balances outstanding

As at September 30, 2020, \$114,486 (December 31, 2019 - \$66,305) was due to a significant shareholder of the Company, Golden Predator, for management, geological consulting fees, non-interest bearing operating loans, rent and other reimbursable expenses.

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9. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Key management compensation

During the nine months ended September 30, 2020 and 2019, the Company paid or accrued the following amount to key management (officers and directors), companies controlled by officers or directors, or a significant shareholder of the Company:

	<u>2020</u>	<u>2019</u>
Management and consulting fees	\$ 12,400	\$ 53,425
Office rent	4,500	16,500
Professional fees	8,572	-
Stock-based compensation	1,619	19,060
	<u>\$ 27,091</u>	<u>\$ 88,985</u>

10. SUPPLEMENTARY CASH FLOW INFORMATION

Significant non-cash transactions during the nine months ended September 30, 2020 included:

- (a) \$53,000 in shares issued for exploration and evaluation assets acquisition (Note 6); and
- (b) \$30,000 in accrued liabilities for exploration and evaluation assets acquisition (Note 6).

Significant non-cash transactions during the nine ended September 30, 2019 included:

- (a) \$308,750 in shares issued for exploration and evaluation assets acquisition; and
- (b) \$3,750 (2018 - \$Nil) for fair value of options exercised.

11. FINANCIAL INSTRUMENTS

Fair value

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at September 30, 2020 and December 31, 2019, the Company's carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and advances approximate their fair values due to their short term to maturity.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at September 30, 2020 and December 31, 2019, the Company's marketable securities are based on level 1 inputs of the fair value hierarchy and the values are based on the closing trading price of the shares on public stock exchanges at the period-end date.

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements
Nine months ended September 30, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

Foreign exchange risk

The Company operates mainly in Canada, but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency-hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts and accounts receivable consist primarily of goods and services tax receivable from the government of Canada, for which management believes the risk of loss to be minimal. Reclamation bonds consist of term deposits and guaranteed investment certificates, which have been invested with a major Canadian financial institution, from which management believes the risk of loss to be minimal.

Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favorable. As at September 30, 2020, the Company had a working capital deficiency of \$169,750 (December 31, 2019 - \$66,482).

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is the risk of loss associated with movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock markets to determine appropriate actions to be taken by the Company. The Company has investments in certain publicly traded companies (marketable securities), and there can be no assurance that the Company can exit these positions if required, so there is a risk that proceeds may not approximate the carrying value of these investments.

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements
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(Unaudited – Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

At September 30, 2020, a 10% fluctuation in the price of the Company's marketable securities would increase or decrease comprehensive loss by \$2,300 (December 31, 2019 - \$1,000).

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk. In the management of capital, the Company includes components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and marketable securities.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2020 and 2019.

12. SUBSEQUENT EVENTS

Property Options Agreements

On October 30, 2020, the Company entered into three separate option agreements with Shawn Ryan and Wildwood Exploration Inc., together the "Optionors", to acquire a 100-per-cent interest in three properties located in the Central Newfoundland Gold Belt:

- 1) **Badger Option Agreement** – The Optionors will grant an option to the Company to acquire the exclusive right to earn the 100% ownership interest in and to 712 mineral claims (subject to a 2% net smelter return royalty to the Optionors) located in Newfoundland, known as the Badger property.

The Company is obligated to pay up to \$250,000 in cash, issue up to 2,200,000 common shares of the Company and incur a total of \$1,000,000 worth of exploration expenditures on or before the fifth anniversary of the agreement date.

- 2) **Barrens Lake Option Agreement** – The Optionors will grant an option to the Company to acquire the exclusive right to earn the 100% ownership interest in and to 354 mineral claims (subject to a 2% net smelter return royalty to the Optionors) located in Newfoundland, known as the Barrens Lake property.

The Company is obligated to pay up to \$250,000 in cash, issue up to 2,200,000 common shares of the Company and incur a total of \$1,000,000 worth of exploration expenditures on or before the fifth anniversary of the agreement date.

- 3) **Millertown Option Agreement** – The Optionors will grant an option to the Company to acquire the exclusive right to earn the Optionors' 100% ownership interest in and to 908 mineral claims (subject to a 2% net smelter return royalty to the Optionors) located in Newfoundland, known as the Millertown property.

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

12. SUBSEQUENT EVENTS (CONTINUED)

The Company is obligated to pay up to \$500,000 in cash, issue up to 3,000,000 common shares of the Company and incur a total of \$1,500,000 worth of exploration expenditures on or before the fifth anniversary of the agreement date.

The Company is to pay a 2% net smelter royalty to the Optionors for each of the property. The Company may elect to reduce the royalty to 1% by paying the Optionors \$2,500,000 in cash.

Private Placement

On November 19, 2020, the Company completed a private placement of 11,500,000 units of the \$0.10 per unit for gross proceeds of \$1,150,000. Each unit comprises one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 cents for a period of two years before November 19, 2022.

The Company has issued 11,500,000 fully paid and non-assessable common shares, which include 2,500,000 common shares issued on a flow-through basis, 5,750,000 warrants and 690,000 Finder's Warrants. Each Finder's Warrant is exercisable into one unit at a price of \$0.10 per unit, for a period of two years from the closing date. The Company has also paid \$69,000 in cash finder's fees. All securities issued in the private placement will be subject to a four-month hold period, in accordance with applicable securities laws.

The proceeds of the private placement will be used to fund exploration expenditures on mineral exploration properties located in Newfoundland, which the Company may acquire under the terms of three property option agreements described above, and for general working capital.

Stock Options Grants

On October 27, 2020, the Company granted 400,000 stock options to two officers of the Company. The options are exercisable at of \$0.095 per share over a three-year period and will vest over an 18-month period.

On November 23, 2020, the Company granted 1,665,000 stock options to certain directors, officers and consultants of the Company. The options are exercisable at of \$0.14 per share over a three-year period and will vest over 18 or 24 months.