C2C Gold Corp.
(formerly Taku Gold Corp.)

(An Exploration Stage Company)

Financial Statements

Years ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of C2C Gold Corp. (formerly Taku Gold Corp.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of C2C Gold Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has no source of operating cash flow and had a deficit of $19,689,580 as at December 31, 2020 and is dependent upon the future receipt of equity financing to maintain its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 to 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 risk 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the 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 on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 27, 2020

C2C Gold Corp. **(formerly Taku Gold Corp.)**

Statements of Financial Position
As at December 31,

	Notes		2020		2019
Assets					
Current assets					
Cash and cash equivalents		$	768,508	$	5,816
Accounts receivable	5		7,841		13,674
Prepaid expenses and deposits			11,039		9,659
Marketable securities	4		30,000		10,000
			817,388		39,149
Reclamation bonds			25,000		25,000
Exploration and evaluation assets	6		6,099,619		5,480,500
		$	**6,942,007**		**5,544,649**
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities			37,955		39,326
Due to related party	9		76,402		66,305
Advance	6		100,000		-
			214,357		105,631
Shareholders' equity					
Share capital	7		22,488,664		21,126,531
Contributed surplus	8		3,928,566		3,780,755
Deficit			(19,689,580)		(19,468,268)
			6,727,650		5,439,018
		$	**6,942,007**	**$**	**5,544,649**

Nature of operations and continuance of operations (Note 1)
Subsequent events (Notes 6 and 13)

Approved by the board of directors:

"Janet Lee-Sheriff" Director

"Trey Wasser" Director

See accompanying notes to the financial statements

C2C Gold Corp. (formerly Taku Gold Corp.)

Statements of Comprehensive Loss
Years ended December 31,

	Notes		2020		2019
Expenses					
Management and consulting fees	9	$	22,400	$	62,125
Professional fees	9		59,521		40,364
Office and miscellaneous	9		22,405		34,667
Transfer agent and filing fees			21,906		35,037
Travel and promotion			33,528		8,493
Stock-based compensation	8,9		81,571		24,360
			(241,331)		(205,046)
Other items					
Interest income			19		126
Fair value adjustment on marketable securities			20,000		1,000
			20,019		1,126
Net loss and comprehensive loss for the year		**$**	**(221,312)**	**$**	**(203,920)**
Basic and diluted loss per share		**$**	**(0.00)**	**$**	**(0.00)**
Weighed average number of common shares outstanding			**45,271,332**		**43,660,625**

C2C Gold Corp. **(formerly Taku Gold Corp.)**
Statements of Changes in Shareholders' Equity
Years ended December 31, 2020 and 2019

	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	-	-	24,360	-	24,360
Net loss and comprehensive loss for the year	-	-	-	(203,920)	(203,920)
Balance, December 31, 2019	**45,021,515**	**21,126,531**	**3,780,755**	**(19,468,268)**	**5,439,018**
Private placement	11,500,000	1,150,000	-	-	1,150,000
Share issuance cost	-	(140,867)	66,240	-	(74,627)
Shares issued for property acquisition	3,200,000	353,000	-	-	353,000
Stock-based compensation	-	-	81,571	-	81,571
Net loss and comprehensive loss for the year	-	-	-	(221,312)	(221,312)
Balance, December 31, 2020	**59,721,515**	**22,488,664**	**3,928,566**	**(19,689,580)**	**6,6727,650**

C2C Gold Corp. (formerly Taku Gold Corp.)

Statements of Cash Flows
Years ended December 31, 2020 and 2019

		2020		2019
Cash provided by (used in):				
Operating activities:				
Net loss for the year	$	**(221,312)**	$	**(203,920)**
Adjustments for:				
Stock-based compensation		81,571		24,360
Fair value adjustment on marketable securities		(20,000)		(1,000)
Change in non-cash working capital items				
Accounts receivable		5,833		(1,956)
Prepaid expenses		(1,380)		11,611
Accounts payable and accrued liabilities		(2,094)		1,889
Due to related party		40,097		62,945
		(117,285)		**(106,071)**
Financing activities:				
Private placements		1,150,000		-
Share issue costs		(74,627)		-
Loan proceeds from related party		21,000		-
Repayment of loan from related party		(51,000)		-
Stock options exercised		-		6,250
		1,045,373		**6,250**
Investing activities:				
Investment in exploration and evaluation assets		(265,396)		(148,610)
Advance on sale of exploration and evaluation asset		100,000		-
		(165,396)		**(148,610)**
Change in cash		**762,692**		**(248,431)**
Cash – beginning		**5,816**		**254,247**
Cash – end	$	**768,508**	$	**5,816**

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.

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 commenced 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 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 December 31, 2020, the Company had an accumulated deficit of $19,689,580 (2019 - $19,468,268) and incurred a net loss for the year of $221,312 (2019 - $203,920).

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 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 a global pandemic caused by the outbreak of a novel coronavirus identified as "COVID-19." In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations, resulting in an economic slowdown and increased volatility in national and global equity and commodity market.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, social distancing, government response actions, business closures or disruptions that are currently in place. There can be no assurance that the Company will not be further impacted by adverse consequences of the COVID-19 pandemic, which may affect resource and share prices, financial liquidity, access to supplies and contractors, and the Company's ability to retain its staff.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

The financial statements have been prepared 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"). The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2020. The Board of Directors approved the financial statements for issue on April 27, 2021.

b. Basis of measurement

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

c. Cash and Cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value

d. Reclamation bonds

Reclamation bonds include bonds that have been pledged for reclamation and closure activities and that are not available for immediate disbursement.

e. Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred and recognized in profit or loss. Once the legal right to explore a property has been secured, costs directly relating to the acquisition of, exploration for and evaluation of mineral claims are recognized and capitalized. Government tax credits received are recorded as a reduction to the cumulative costs incurred for the related property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount or when the asset is deemed to no longer have commercially viable prospects to the Company. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The recoverability of the carrying amount is dependent on successful development, future production, or alternatively, sale of the respective areas of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered, it is written off to comprehensive income or loss. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties and development assets.

The Company may, from time to time, enter into option agreements to transfer mineral interests. Options are exercisable entirely at the discretion of the optionee. Any consideration received from the agreements is recorded as recoveries to the mineral interest, with any excess amount accounted for as a gain on disposal. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Provision for environmental reclamation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral property interests. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation is capitalized to the related asset along with a corresponding increase in the reclamation provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change because of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense. As at December 31, 2020 and 2019, the Company had no environmental reclamation obligations.

g. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. If any such indicator exists, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less costs of disposal and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

h. Stock-based compensation

The Company grants share based awards in the form of share options in exchange for the provision of services from certain employees, consultants, officers, and directors. The share options are equity settled awards. The Company determines the fair value of the awards on the date of grant using the Black Scholes model. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax payable, if any, is based on taxable earnings for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

j. Flow-through shares

The Company may issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to subscribers. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares with no tax attributes is initially recognized as a flowthrough tax liability. When the required expenditures are incurred, a deferred tax liability is recognized, and the flow-through tax liability is drawn down. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life.

The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received, and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts remain in equity under contributed surplus.

l. Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods of loss, basic and diluted earnings per share are the same as the effect of issuance of additional shares is anti-dilutive.

m. New accounting policy

The Company adopted the new accounting standard IFRS 16 – Leases effective for accounting periods beginning on or after January 1, 2019. IFRS 16 was issued by the IASB on January 13, 2016, and replaced IAS 17, Leases. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new right of use asset. The Company does not have any leases and accordingly, there was no impact to the Company’s financial statements as a result of adopting this new standard.

There are some accounting standards or amendments to existing accounting standards that have been issued as of the date of these financial statements but have future effective dates and are either not applicable or not expected to have significant impact on the Company’s financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's 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 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:

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

5. ACCOUNTS RECEIVABLE

As at December 31, 2020, accounts receivable consists of goods and services tax of $7,841 (2019 - $13,569) and other receivables of $Nil (2019 - $105). Accounts receivable are valued at amortized cost.

6. EXPLORATION AND EVALUATION ASSETS

	Newfound land ($)	Sonora Gulch ($)	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	145,000	-	-	-	-	-	-	-	-	-	35,000	-	180,000
Option payment - shares	300,000	-	25,000	-	-	-	-	-	-	-	28,000	-	353,000
Other	71,979	-	1,138	1,137	-	-	-	-	-	-	770	-	75,024
Balance – December 31, 2020	**516,979**	**1,209,485**	**420,545**	**184,887**	**281,038**	**52,164**	**45,222**	**183,750**	**185,640**	**95,000**	**190,852**	**1**	**3,365,563**
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	-	4,995	-	-	-	-	-	-	-	-	6,100	-	11,095
Balance – December 31, 2020	**-**	**14,227**	**1,345,558**	**38,507**	**1,004,255**	**94,740**	**81,144**	**11,077**	**3,581**	**7,467**	**90,844**	**42,656**	**2,734,056**
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 – December 31, 2020	**516,979**	**1,223,712**	**1,766,103**	**223,394**	**1,285,293**	**146,904**	**126,366**	**194,827**	**189,221**	**102,467**	**281,696**	**42,657**	**6,099,619**

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

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Properties

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 ($35,000 paid), issue up to 2,200,000 common shares (750,000 issued) 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.

   Subsequent to the year-end, the Company added additional claims by amending the agreement. The amendment requires the Company to pay $99,385 in cash (paid), issue 1,000,000 shares (500,000 issued), and incur an additional $305,800 worth of exploration expenditures before November 15, 2021.

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 ($35,000 paid), issue up to 2,200,000 common shares (750,000 issued) 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.

   The Company is obligated to pay up to $500,000 in cash ($75,000 paid), issue up to 3,000,000 common shares (1,000,000 issued) 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.

During the year ended December 31, 2020, the Company paid total of $145,000 to Wildwood Exploration Inc. pursuant to the terms of the above noted option agreements and issued 2,500,000 shares recorded at fair value of $250,000.

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, the Company 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 year ended December 31, 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. Each property agreement has the same following terms to complete the option:

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 year ended December 31, 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.

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);
- Issuance of 2,000,000 common shares of Engineer 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 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.

Subsequent to the year-end, the sale was completed (see Note 13).

7. SHARE CAPITAL

Authorized share capital:

An unlimited number of common shares without par value.

During the year ended December 31, 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).
- Issued 2,500,000 common shares valued at $300,000 in connection with the Newfoundland properties (Note 6).
- Closed a private placement of 11,500,000 units (including 2,500,000 flow-through units) at a price of $0.10 per unit for gross proceeds of $1,150,000. Each unit consists of 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 of $0.15 for a period of two years from the closing date. In connection with the private placement, the Company paid $69,000 in finder fees and issued 690,000 finder warrants, each exercisable into one common share at a price of $0.10 for a period of two years. The value of the finder warrants was determined to be $66,240 using the following Black-Scholes option pricing model variables: risk-free interest rate – 0.27%, expected life – 2 years, expected volatility – 190.14% and dividend yield rate – nil.

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.

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

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**
Granted	2,140,000	0.13
Expired/Forfeited	(710,000)	0.05
Balance, December 31, 2020	**3,515,000**	**0.13**
Exercisable, December 31, 2020	**1,917,500**	**0.13**

As at December 31, 2020, outstanding incentive stock options were as follows:

	December 31, 2020		December 31, 2019	
Expiry Date	**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	75,000	0.07	100,000	0.07
August 6, 2022	150,000	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
October 27, 2023	400,000	0.10	-	-
November 23, 2023	1,655,000	0.14	-	-
December 3, 2023	75,000	0.14	-	-
	3,515,000	**0.13**	**2,085,000**	**0.13**

As at December 31, 2020, the weighted average remaining life of the outstanding options was 2.38 years (2019 – 2.43 years).

During the year ended December 31, 2020, the Company recognized stock-based compensation of $81,571 (2019 - $20,720) related to the vested stock options. The Company granted 2,140,000 stock options during the year ended December 31, 2020 (2019 – 300,000).

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model based on the following assumptions:

	2020	2019
Risk-free interest rate	0.25% - 0.30%	1.31%
Expected life	3 years	3 years
Expected volatility	178.31% - 183.45%	189%
Dividend yield rate	Nil	Nil

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

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	**-**	**-**
Granted	6,440,000	0.14
Balance, December 31, 2020	**6,440,000**	**0.14**

9. RELATED PARTY TRANSACTIONS

a) Balances outstanding

As at December 31, 2020, the total amount due to the Company's related parties was $76,402 (2019 - $66,305). $61,162 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, $3,150 was due to an entity controlled by the CFO of the Company for accounting fees, and $12,090 was due to the CEO of the Company for expense reimbursement.

b) Key management compensation

During the year ended December 31, 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:

		2020		2019
Management and consulting fees	$	22,400	$	61,525
Office rent		4,500		21,000
Professional fees		11,572		-
Stock-based compensation		59,726		24,360
Mineral property – exploration expenditure		6,300		3,000
	$	**104,498**	**$**	**109,885**

10. SUPPLIMENTARY CASH FLOW INFORMATION

Significant non-cash transactions during the year ended December 31, 2020 included:
(a) $353,000 in shares issued for exploration and evaluation assets acquisition (Note 6);
(b) $18,467 in accounts payable for exploration and evaluation assets acquisition (Note 6), and
(c) $66,240 for fair value of finders' warrants issued.

Significant non-cash transactions during the year ended December 31, 2019 included:
(a) $329,750 in shares issued for exploration and evaluation assets acquisition (Note 6); and
(b) $3,750 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 December 31, 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 December 31, 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.

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.

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

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 December 31, 2020, the Company had a working capital of $603,031 (December 31, 2019 – working capital deficiency of $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.

At December 31, 2020, a 10% fluctuation in the price of the Company's marketable securities would increase or decrease comprehensive loss by $3,000 (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 year ended December 31, 2020 and 2019.

12. INCOME TAX

Provision for current tax

No provision has been made for current income taxes as the Company has no taxable income.

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		2020		2019
Loss before income taxes	$	221,312	$	203,920
Statutory tax rate		27%		27%
Expected income tax recovery at statutory tax rate		59,754		55,058
Non-deductible items and others		3,505		(6,851)
Change in valuation allowance		(63,259)		(48,207)
Total income tax recovery	**$**	**-**	**$**	**-**

The significant components of the Company's unrecorded deferred tax assets are as follows:

		2020		2019
Deferred Tax Assets				
Exploration and evaluation assets	$	1,682,383	$	1,682,383
Loss carry-forwards		7,785,337		7,591,230
Share issuance costs		77,088		36,904
Unrecognized deferred tax assets	**$**	**9,544,808**	**$**	**9,310,517**

As at December 31, 2020, the Company has accumulated non-capital losses for Canadian income tax purposes totalling approximately $7.79 million (2019 - $7.59 million). The losses expire in the following periods:

2006	2026	$	322,000
2007	2027		388,000
2008	2028		467,000
2009	2029		376,000
2010	2030		1,094,000
2011	2031		1,210,000
2012	2032		1,024,000
2013	2033		823,000
2014	2034		585,000
2015	2035		71,000
2016	2036		198,000
2017	2037		589,000
2018	2038		244,000
2019	2039		200,000
2020	2040		194,000
		$	**7,785,000**

13. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2020, the Company completed the sale of the Tag property in British Columbia to Engineer Gold Mines Ltd ("Engineer"). As consideration for the sale, the Company received the final $100,000 in cash and 2,000,000 common shares of Engineer. In addition, the Company retained a 1% net smelter return royalty interest on the property.

385,000 options were exercised for total proceeds of $27,850 and 75,000 options were forfeited.

500,000 common shares were issued as part of the amended Badger Option Agreement (see Note 6).