



C2C Gold Corp.

(An Exploration Stage Company)

**Condensed Interim Financial Statements
(Unaudited – Prepared by Management)**

**Three months ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)**

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 interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor. The accompanying unaudited 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 an entity's auditor.

C2C Gold Corp.

Condensed Interim Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

As at,

	Notes	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 706,103	\$ 768,508
Accounts receivable	5	11,458	7,841
Prepaid expenses and deposits		7,566	11,039
Marketable securities	4	155,000	30,000
		<u>880,127</u>	<u>817,388</u>
Reclamation bonds		25,000	25,000
Exploration and evaluation assets	6	6,280,888	6,099,619
		<u>\$ 7,186,015</u>	<u>\$ 6,942,007</u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 31,910	\$ 37,955
Due to related party	9	66,134	76,402
Advance	6	-	100,000
		<u>98,044</u>	<u>214,357</u>
Shareholders' equity			
Share capital	7	22,637,233	22,488,664
Contributed surplus	8	3,967,066	3,928,566
Deficit		(19,516,328)	(19,689,580)
		<u>7,087,971</u>	<u>6,727,650</u>
		<u>\$ 7,186,015</u>	<u>\$ 6,942,007</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.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited – Expressed in Canadian Dollars)

For the three months ended March 31,

	Notes	2021	2020
Expenses			
Management and consulting fees	9	\$ 23,600	\$ 12,400
Professional fees	9	10,528	2,174
Office and miscellaneous	9	3,707	9,010
Transfer agent and filing fees		6,353	3,349
Travel and promotion		713	2,052
Stock-based compensation	8,9	64,219	2,386
		<u>(109,120)</u>	<u>(31,371)</u>
Other items			
Interest income		29	19
Fair value adjustment on marketable securities		5,000	(3,000)
Gain on sale of exploration and evaluation asset	6	277,343	-
		<u>282,372</u>	<u>(2,981)</u>
Net income (loss) and comprehensive income (loss) for the period		\$ 173,252	\$ (34,352)
Basic and diluted income (loss) per share		\$ 0.00	\$ (0.00)
Weighed average number of common shares outstanding		60,345,379	45,021,515

C2C Gold Corp.Statements of Changes in Shareholders' Equity
(Unaudited – Expressed in Canadian Dollars)

	Number of Shares	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Total (\$)
Balance, December 31, 2019	45,021,515	21,126,531	3,780,755	(19,468,268)	5,439,018
Stock-based compensation	-	-	2,386	-	2,386
Net loss and comprehensive loss for the period	-	-	-	(34,352)	(34,352)
Balance, March 31, 2020	45,021,515	21,126,531	3,783,141	(19,502,620)	5,407,052
Balance, December 31, 2020	59,721,515	22,488,664	3,928,566	(19,689,580)	6,727,650
Stock options exercised	385,000	53,569	(25,719)	-	27,850
Shares issued for property acquisition	500,000	95,000	-	-	95,000
Stock-based compensation	-	-	64,219	-	64,219
Net income and comprehensive income for the period	-	-	-	173,252	173,252
Balance, March 31, 2021	60,606,515	22,637,233	3,967,066	(19,516,328)	7,087,971

See accompanying notes to the condensed interim financial statements

C2C Gold Corp.

Condensed Interim Statements of Cash Flows
Three months ended March 31,
(Unaudited – Expressed in Canadian Dollars)

	<u>2021</u>	<u>2020</u>
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the period	\$ 173,252	\$ (34,352)
Adjustments for:		
Stock-based compensation	64,219	2,386
Fair value adjustment on marketable securities	(5,000)	3,000
Gain on sale of exploration and evaluation asset	(277,343)	-
Change in non-cash working capital items		
Accounts receivable	(3,617)	12,552
Prepaid expenses	3,473	4,293
Accounts payable and accrued liabilities	6,630	(7,893)
Due to related party	(10,268)	20,146
	<u>(48,654)</u>	<u>132</u>
Financing activities:		
Loan proceeds from related party	-	21,000
Stock options exercised	27,850	-
	<u>27,850</u>	<u>21,000</u>
Investing activities:		
Investment in exploration and evaluation assets	(141,601)	(12,711)
Proceeds from sale of exploration and evaluation asset	100,000	-
	<u>(41,601)</u>	<u>(12,711)</u>
Change in cash	(62,405)	8,421
Cash – beginning	768,508	5,816
Cash – end	\$ 706,103	\$ 14,237

See accompanying notes to the condensed interim financial statements

C2C Gold Corp.

Notes to the Condensed Interim Financial Statements
Three months ended March 31, 2021 and 2020
(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.

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 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 March 31, 2021, the Company had an accumulated deficit of \$19,516,328 (December 31, 2020 - \$19,689,580) and net income for the period of \$173,252 (2020 – loss of \$34,352).

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 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.

C2C Gold Corp.

Notes to the Condensed Interim Financial Statements
Three months ended March 31, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

These condensed interim financial statements have been prepared in accordance with the 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”). The policies applied in these condensed interim financial statements are based on IFRS issued and effective as of March 31, 2021. The Board of Directors approved the condensed interim financial statements for issue on May 21, 2021.

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

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, 2020. 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 JUDGMENTS

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 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.

C2C Gold Corp.

Notes to the Condensed Interim Financial Statements
Three months ended March 31, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 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.

4. MARKETABLE SECURITIES

As at March 31, 2021, marketable securities comprise 200,000 common shares (December 31, 2020 - 200,000) in publicly traded company, Independence Gold Corp., valued at \$25,000 (December 31, 2020 - \$30,000) and 2,000,000 common shares (December 31, 2020 - nil) in publicly traded company, Engineer Gold Mines Ltd., valued at \$130,000 (December 31, 2020 - \$nil).

5. ACCOUNTS RECEIVABLE

As at March 31, 2021, accounts receivable consists of goods and services tax of \$11,458 (December 31, 2020 - \$7,841). Accounts receivable are valued at amortized cost.

C2C Gold Corp.

Notes to the Condensed interim financial statements
Three months ended March 31, 2021 and 2020

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, 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
Option payment - cash	99,385	-	-	-	-	-	-	-	-	-	-	-	99,385
Option payment - shares	95,000	-	-	-	-	-	-	-	-	-	-	-	95,000
Sale of property	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance – March 31, 2021	711,364	1,209,485	420,545	184,887	281,038	52,164	45,222	183,750	185,640	95,000	190,852	-	3,559,947
Exploration & Evaluation Expenditures													
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
Personnel	27,729	600	-	-	-	-	-	-	-	-	-	-	28,329
Other	-	1,212	-	-	-	-	-	-	-	-	-	-	1,212
Sale of property	-	-	-	-	-	-	-	-	-	-	-	(42,656)	(42,656)
Balance – March 31, 2021	27,729	16,039	1,345,558	38,507	1,004,255	94,740	81,144	11,077	3,581	7,467	90,844	-	2,720,941
Exploration & Evaluation Assets													
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
Balance – March 31, 2021	739,093	1,225,524	1,766,103	223,394	1,285,293	146,904	126,366	194,827	189,221	102,467	281,696	-	6,280,888

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

C2C Gold Corp.

Notes to the Condensed interim financial statements
Three months ended March 31, 2021 and 2020

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% 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.

During the period ended March 31, 2021, 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 period ended March 31, 2021, the Company paid total of \$99,385 to Wildwood Exploration Inc. pursuant to the terms of the above noted option agreements and issued 500,000 shares recorded at fair value of \$95,000.

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.

C2C Gold Corp.

Notes to the Condensed interim financial statements
Three months ended March 31, 2021 and 2020

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 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 common shares to the vendor. The first-year anniversary cash payments of \$30,000 were extended from August 1, 2020 to October 1, 2020 in exchange of one-time-payment of \$5,000 to the vendor.

C2C Gold Corp.

Notes to the Condensed interim financial statements
Three months ended March 31, 2021 and 2020

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
- **Bishop** - no royalty.

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.

During the period ended March 31, 2021, the Company closed the sale of the property with Engineer in consideration for:

- \$200,000 in cash (\$100,000 received during the year ended December 31, 2020 and \$100,000 received during the period ended March 31, 2021);
- Issuance of 2,000,000 common shares (received at a fair value of \$120,000) 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.

The Company recorded a gain of \$277,343 in relation to the sale of the property.

C2C Gold Corp.

Notes to the Condensed interim financial statements
Three months ended March 31, 2021 and 2020

7. SHARE CAPITAL

Authorized share capital:

An unlimited number of common shares without par value.

During the year ended March 31, 2021, the Company:

- Issued 500,000 common shares valued at \$95,000 in connection with the Newfoundland properties (Note 6);
- Issued 385,000 common shares for proceeds of \$27,850 for stock options exercised.

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.

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.

C2C Gold Corp.

Notes to the Condensed interim financial statements
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8. STOCK OPTIONS AND WARRANTS (CONTINUED)

Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price (\$)
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
Granted	330,000	0.16
Expired/Forfeited	(385,000)	0.07
Exercisable, March 31, 2021	3,460,000	0.14

As at March 31, 2021, outstanding incentive stock options were as follows:

Expiry Date	March 31, 2021		December 31, 2020	
	Outstanding Options	Exercise Price (\$)	Outstanding Options	Exercise Price (\$)
April 15, 2021	-	-	130,000	0.07
June 30, 2021	-	-	30,000	0.10
June 1, 2022	-	-	75,000	0.07
August 6, 2022	-	-	150,000	0.07
September 8, 2022	400,000	0.20	400,000	0.20
December 15, 2022	600,000	0.13	600,000	0.13
October 27, 2023	400,000	0.10	400,000	0.10
November 23, 2023	1,655,000	0.14	1,655,000	0.14
December 3, 2023	75,000	0.14	75,000	0.14
March 18, 2024	330,000	0.16	-	-
	3,460,000	0.14	3,515,000	0.13

As at March 31, 2021, the weighted average remaining life of the outstanding options was 3.37 years (year ended December 31, 2020 – 2.38 years).

During the period ended March 31, 2021, the Company recognized stock-based compensation of \$64,219 (2020 - \$2,386) related to the vested stock options. The Company granted 330,000 stock options during the period ended March 31, 2021 (2020 – nil).

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:

	March 31,	
	2021	2020
Risk-free interest rate	0.53%	-
Expected life	3 years	-
Expected volatility	173.70%	-
Dividend yield rate	Nil	-

C2C Gold Corp.

Notes to the Condensed interim financial statements
Three months ended March 31, 2021 and 2020

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

Warrants

Share purchase warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2019	-	-
Granted	6,440,000	0.15
Balance, December 31, 2020 and March 31, 2021	6,440,000	0.15

As at March 31, 2021, outstanding warrants were as follows:

Expiry Date	Outstanding Warrants	Exercise Price (\$)
November 19, 2022	5,750,000	0.15
November 19, 2022	690,000	0.10
	6,440,000	

9. RELATED PARTY TRANSACTIONS

a) Balances outstanding

As at March 31, 2021, the total amount due to the Company's related parties was \$66,134 (December 31, 2020 - \$76,402). \$64,034 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 and \$2,100 was due to an entity controlled by the CFO of the Company for accounting fees.

b) Key management compensation

During the period ended March 31, 2021 and 2020, 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:

	2021	2020
Management and consulting fees	\$ 23,600	\$ 12,400
Office rent and supplies	-	4,500
Professional fees	3,000	-
Stock-based compensation	49,646	2,075
	\$ 76,246	\$ 18,975

C2C Gold Corp.

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10. SUPPLEMENTARY CASH FLOW INFORMATION

Significant non-cash transactions during the period ended March 31, 2021 included:

- (a) \$95,000 in shares issued for exploration and evaluation assets (Note 6);
- (b) \$25,719 for fair value of options exercised; and
- (c) \$6,089 in accounts payable for exploration and evaluation assets.

There were no non-cash transactions during the period ended March 31, 2020.

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 March 31, 2021 and December 31, 2020, 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 March 31, 2021 and December 31, 2020, 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.

C2C Gold Corp.

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11. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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 March 31, 2021, the Company had a working capital of \$782,083 (December 31, 2020 – working capital of \$603,031).

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 March 31, 2021, a 10% fluctuation in the price of the Company's marketable securities would increase or decrease comprehensive loss by \$15,500 (year ended December 31, 2020 - \$3,000).

C2C Gold Corp.

Notes to the Condensed interim financial statements
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11. FINANCIAL INSTRUMENTS (CONTINUED)

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 period ended March 31, 2021 and 2020.

12. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2021, the Company:

- a) Completed a private placement of 16,450,000 units of the Company at a price of \$0.16 per unit for gross proceeds of \$2,632,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.20 for a period of two years from the closing date. In connection with the private placement the Company paid finders' fees of \$122,720 in cash and issued 288,000 brokers' warrants. Each brokers' warrant is exercisable into one common share at a price of \$0.16 per share for a period of two years from the issuance date.
- b) Granted 75,000 stock options to a consultant of the Company at an exercise price of \$0.16 for a period of 3 years and 100,000 stock options were granted to consultants of the Company at an exercise price of \$0.19 for a period of 3 years.