



C2C Gold Corp.

**(formerly Taku Gold Corp.)
(An Exploration Stage Company)**

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

**Six months ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)**

C2C Gold Corp.

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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. (formerly Taku Gold Corp.)

Condensed Interim Statements of Financial Position

As at June 30, 2021 and December 31, 2020

(Unaudited – Expressed in Canadian Dollars)

	Notes	June 30, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 2,736,161	\$ 768,508
Accounts receivable	5	70,523	7,841
Prepaid expenses and deposits		26,747	11,039
Marketable securities	4	143,000	30,000
		<u>2,976,431</u>	<u>817,388</u>
Reclamation bonds		25,000	25,000
Exploration and evaluation assets	6	7,625,253	6,099,619
		<u>\$ 10,626,684</u>	<u>\$ 6,942,007</u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 433,312	\$ 37,955
Due to related party	9	4,550	76,402
Advance	6	-	100,000
		<u>437,862</u>	<u>214,357</u>
Shareholders' equity			
Share capital	7	25,811,958	22,488,664
Contributed surplus	8	4,150,078	3,928,566
Deficit		(19,773,214)	(19,689,580)
		<u>10,188,822</u>	<u>6,727,650</u>
		<u>\$ 10,626,684</u>	<u>\$ 6,942,007</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

Approved by the board of directors:

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

C2C Gold Corp. (formerly Taku Gold Corp.)

Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended June 30, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Expenses					
Management and consulting fees	9	\$ 41,008	\$ -	\$ 64,608	\$ 12,400
Professional fees	9	52,081	4,066	62,609	6,240
Office and miscellaneous	9	6,310	3,453	10,017	12,463
Transfer agent and filing fees		19,382	4,629	25,735	7,978
Travel and promotion		10,145	3,350	10,858	5,402
Stock-based compensation	8,9	115,960	1,494	180,179	3,880
		(244,886)	(16,992)	(354,006)	(48,363)
Other items					
Interest income		-	-	29	19
Fair value adjustment on marketable securities		(12,000)	7,000	(7,000)	4,000
Gain on sale on exploration and evaluation assets	6	-	-	277,343	-
		(12,000)	7,000	270,372	4,019
Net loss and comprehensive loss for the period		\$ (256,886)	\$ (9,992)	\$ (83,634)	\$ (44,344)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		70,402,669	45,136,900	62,537,323	45,079,207

C2C Gold Corp. (formerly Taku Gold Corp.)Condensed Interim 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
Share issued for property acquisition	500,000	25,000	-	-	25,000
Stock-based compensation	-	-	3,880	-	3,880
Net loss and comprehensive loss for the period	-	-	-	(44,344)	(44,344)
Balance, June 30, 2020	45,521,515	21,151,531	3,784,635	(19,512,612)	5,423,554
Balance, December 31, 2020	59,721,515	22,488,664	3,928,566	(19,689,580)	6,727,650
Private placement	16,450,000	2,632,000	-	-	2,632,000
Share issue costs	-	(127,098)	-	-	(127,098)
Finder's warrants issued	-	(69,120)	69,120	-	-
Shares issued for property acquisition	2,000,000	807,000	-	-	807,000
Stock options exercised	397,500	58,012	(27,787)	-	30,225
Warrants exercised	150,000	22,500	-	-	22,500
Stock-based compensation	-	-	180,179	-	180,179
Net loss and comprehensive loss for the period	-	-	-	(83,634)	(83,634)
Balance, June 30, 2021	78,719,015	25,811,958	4,150,078	(19,773,214)	10,188,822

See accompanying notes to the condensed interim financial statements

C2C Gold Corp. (formerly Taku Gold Corp.)

Condensed Interim Statements of Cash Flows
For the Six Months Ended June 30, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	<u>2021</u>	<u>2020</u>
Cash provided by (used in):		
Operating activities:		
Net loss and comprehensive loss for the period	\$ (83,634)	\$ (44,344)
Adjustments for:		
Stock-based compensation	180,179	3,880
Fair value adjustment on marketable securities	7,000	(4,000)
Gain on sale of exploration and evaluation asset	(277,343)	-
Change in non-cash working capital items		
Accounts receivable	(62,682)	12,086
Prepaid expenses	(15,708)	7,512
Accounts payable and accrued liabilities	395,357	(9,196)
Due to related party	(71,852)	27,339
	<u>71,317</u>	<u>(6,723)</u>
Financing activities:		
Loan proceeds from related party	-	21,000
Private placement	2,632,000	-
Share issue costs	(127,098)	-
Stock options exercised	30,225	-
Warrants exercised	22,500	-
	<u>2,557,627</u>	<u>21,000</u>
Investing activities:		
Investment in exploration and evaluation assets	(761,291)	(13,311)
Proceeds from sale of exploration and evaluation asset	100,000	-
	<u>(661,291)</u>	<u>(13,311)</u>
Change in cash	1,967,653	966
Cash – beginning of period	768,508	5,816
Cash – end of period	\$ 2,736,161	\$ 6,782

See accompanying notes to the condensed interim financial statements

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 acquisition and exploration of mineral properties in Canada. The head office, principal address and records office of the Company are located at Suite 250 – 200 Burrard Street, Vancouver, British Columbia, Canada.

The Company is a reporting issuer in the provinces of Alberta and British Columbia. 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. The Company is currently trading under its new name and ticker symbol “CTOC” (formerly “TAK”) on the Canadian Securities Exchange (“CSE”) and “CTCGF” (formerly “TAKUF”) on the OTCQB.

The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital. As at June 30, 2021, the Company had an accumulated deficit of \$19,773,214 (December 31, 2020 - \$19,689,580) and incurred a net loss and comprehensive loss for the six months period of \$83,634 (2020 - \$44,344). As at June 30, 2021, the Company had a working capital of \$2,538,596 (December 31, 2020 - \$603,031).

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. 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 the Company’s ability to retain its contractors.

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 June 30, 2021. The Board of Directors approved the condensed interim financial statements for issue on August 23, 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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 June 30, 2021, marketable securities comprise 200,000 common shares (December 31, 2020 - 200,000) in publicly traded company, Independence Gold Corp., valued at \$23,000 (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 \$120,000 (December 31, 2020 - \$Nil).

5. ACCOUNTS RECEIVABLE

As at June 30, 2021, accounts receivable consists of trade receivables of \$6,930 (December 31, 2020 - \$Nil) and goods and services tax receivable of \$63,593 (December 31, 2020 - \$7,841). Accounts receivable is valued at amortized cost.

C2C Gold Corp. (formerly Taku Gold Corp.)

Notes to the Condensed Interim Financial Statements

Six Months Ended June 30, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Badger (\$)	Millertown (\$)	Barrens Lake (\$)	Other Newfoundland* (\$)	Sonora Gulch (\$)	Rosebute (\$)	Lucky Joe (\$)	Sulphur (\$)	Quartz (\$)	Other Yukon** (\$)	Tagish (\$)	Total (\$)
Acquisition Costs												
Balance – December 31, 2019	-	-	-	-	1,209,485	394,407	183,750	281,038	52,164	636,964	1	2,757,539
Option payment - cash	35,000	75,000	35,000	-	-	-	-	-	-	35,000	-	180,000
Option payment - shares	90,000	120,000	90,000	-	-	25,000	-	-	-	28,000	-	353,000
Other	-	36,874	35,105	-	-	1,138	1,137	-	-	770	-	75,024
Balance – December 31, 2020	125,000	231,874	160,105	-	1,209,485	420,545	184,887	281,038	52,164	700,464	1	3,365,563
Option payment - cash	71,500	12,675	15,210	160,000	-	25,000	-	-	-	-	-	284,385
Option payment - shares	68,345	12,116	14,539	712,000	-	-	-	-	-	-	-	807,000
Other	-	-	-	-	500	-	-	-	-	-	-	500
Sale of property	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Balance – June 30, 2021	264,845	256,665	189,854	872,000	1,209,985	445,545	184,887	281,038	52,164	700,464	-	4,457,447
Exploration & Evaluation Expenditures												
Balance – December 31, 2019	-	-	-	-	9,232	1,345,558	38,507	1,004,255	94,740	188,013	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	194,113	42,656	2,734,056
Personnel	39,531	45,310	26,719	2,800	600	-	-	-	-	-	-	114,960
Drilling	12,962	11,342	8,101	-	-	-	-	-	-	-	-	32,405
Field and general	26,706	87,595	206,541	-	-	-	-	-	-	-	-	320,842
Geochemistry	-	1,295	1,295	-	-	-	-	-	-	-	-	2,590
Logistics and support	1,635	1,375	982	-	-	-	-	-	-	-	-	3,992
Community and environmental	-	-	-	-	1,617	-	-	-	-	-	-	1,617
Sale of property	-	-	-	-	-	-	-	-	-	-	(42,656)	(42,656)
Balance – June 30, 2021	80,834	146,917	243,638	2,800	16,444	1,345,558	38,507	1,004,255	94,740	194,113	-	3,167,806
Exploration & Evaluation Assets												
Balance – December 31, 2020	125,000	231,874	160,105	-	1,223,712	1,766,103	223,394	1,285,293	146,904	894,577	42,657	6,099,619
Balance – June 30, 2021	345,679	403,582	433,392	874,800	1,226,429	1,791,103	223,394	1,285,293	146,904	894,577	-	7,625,253

* Other Newfoundland includes Tom Joe and Rocky Brook, Jumpers Brook, Rocky Pond and Brunt Lake properties.

** Other Yukon includes Wounded Moose, Korat, Chopin, Keynote, Bishop, McQ, Portland, Gold Run and Midas properties.

Subsequent to the period ended June 30, 2021, the Company terminated the option agreements and returned the Gold Run and Midas properties.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects

Badger Property

On October 30, 2020, the Company entered an option agreement with Shawn Ryan and Wildwood Exploration Inc., together the “Optionors”, to acquire a 100% interest in the Badger property located in the Central Newfoundland Gold Belt. The agreement was amended during the period ended June 30, 2021, and the revised terms include:

- a) Cash payment as follows:
 - \$35,000 on closing (paid);
 - \$99,385 on amendment (paid);
 - \$35,000 on or before October 30, 2021;
 - \$45,000 on or before October 30, 2022;
 - \$45,000 on or before October 30, 2023;
 - \$45,000 on or before October 30, 2024; and
 - \$45,000 on or before October 30, 2025.

- b) Issuance of common shares as follows:
 - 750,000 on closing (issued);
 - 500,000 on amendment (issued);
 - 1,000,000 on or before October 30, 2021;
 - 237,500 on or before October 30, 2022;
 - 237,500 on or before October 30, 2023;
 - 237,500 on or before October 30, 2024; and
 - 237,500 on or before October 30, 2025.

- c) Incur expenditure as follows:
 - \$455,800 on or before November 15, 2021;
 - Additional \$250,000 on or before November 15, 2022;
 - Additional \$250,000 on or before November 15, 2023;
 - Additional \$250,000 on or before November 15, 2024; and
 - Additional \$100,000 on or before November 15, 2025;

- d) The Optionors retain a 2.0% Net Smelter Returns (“NSR”) royalty, with which the Company can purchase 1.0% at any time for \$2,500,000.

Millertown Property

On October 30, 2020, the Company entered an option agreement with Shawn Ryan and Wildwood Exploration Inc., together the “Optionors”, to acquire a 100% interest in the Millertown property located in the Central Newfoundland Gold Belt. The terms include:

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects (Continued)

Millertown Property (Continued)

- a) Cash payment as follows:
 - \$75,000 on closing (paid);
 - \$75,000 on or before October 30, 2021;
 - \$75,000 on or before October 30, 2022;
 - \$75,000 on or before October 30, 2023;
 - \$100,000 on or before October 30, 2024; and
 - \$100,000 on or before October 30, 2025.

- b) Issuance of common shares as follows:
 - 1,000,000 on closing (issued);
 - 400,000 on or before October 30, 2021;
 - 400,000 on or before October 30, 2022;
 - 400,000 on or before October 30, 2023;
 - 400,000 on or before October 30, 2024; and
 - 400,000 on or before October 30, 2025.

- c) Incur expenditure as follows:
 - \$300,000 on or before November 15, 2021;
 - Additional \$300,000 on or before November 15, 2022;
 - Additional \$300,000 on or before November 15, 2023;
 - Additional \$300,000 on or before November 15, 2024; and
 - Additional \$300,000 on or before November 15, 2025;

- d) The Optionors retain a 2.0% NSR royalty, with which the Company can purchase 1.0% at any time for \$2,500,000.

Barrens Lake Property

On October 30, 2020, the Company entered an option agreement with Shawn Ryan and Wildwood Exploration Inc., together the "Optionors", to acquire a 100% interest in the Barrens Lake property located in the Central Newfoundland Gold Belt. The terms include:

- a) Cash payment as follows:
 - \$35,000 on closing (paid);
 - \$35,000 on or before October 30, 2021;
 - \$45,000 on or before October 30, 2022;
 - \$45,000 on or before October 30, 2023;
 - \$45,000 on or before October 30, 2024; and
 - \$45,000 on or before October 30, 2025.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects (Continued)

Barrens Lake Property (Continued)

- b) Issuance of common shares as follows:
- 750,000 on closing (issued);
 - 500,000 on or before October 30, 2021;
 - 237,500 on or before October 30, 2022;
 - 237,500 on or before October 30, 2023;
 - 237,500 on or before October 30, 2024; and
 - 237,500 on or before October 30, 2025.
- c) Incur expenditure as follows:
- \$150,000 on or before November 15, 2021;
 - Additional \$250,000 on or before November 15, 2022;
 - Additional \$250,000 on or before November 15, 2023;
 - Additional \$250,000 on or before November 15, 2024; and
 - Additional \$100,000 on or before November 15, 2025;
- d) The Optionors retain a 2.0% NSR royalty, with which the Company can purchase 1.0% at any time for \$2,500,000.

Tom Joe and Rocky Brook Properties

During the period ended June 30, 2021, the Company completed the acquisition of a 100% interest in the Tom Joe and Rocky Brook properties in the Central Newfoundland Gold Belt by paying \$25,000 cash (paid) and issuing 200,000 common shares (issued). The properties are subject to a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for \$500,000.

Jumpers Brook Property

During the period ended June 30, 2021, the Company completed the acquisition of a 100% interest in the Jumpers Brook property in the Central Newfoundland Gold Belt by paying \$65,000 cash (paid) and issuing 600,000 common shares (issued). The property is subject to a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for \$1,000,000.

Rocky Pond and Brunt Lake Properties

During the period ended June 30, 2021, the Company completed the acquisition of a 100% interest in the Rocky Pond and Brunt properties in the Central Newfoundland Gold Belt by paying \$70,000 cash (paid) and issuing 700,000 common shares (issued). The properties are subject to a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for \$1,500,000.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Yukon Gold Projects

Sonora Gulch Property

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 was 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 1.0% NSR to Golden Predator and an additional 1.0% NSR to underlying vendors, of which 0.5% can be repurchased from the underlying vendors for \$1,000,000.

Rosebute Property

The Company holds 100% of the Rosebute property that is 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 in total). During the year ended December 31, 2020, the Company issued 500,000 common shares for the annual advance royalty payment to the vendor.

Portland Property

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 paying \$20,000 cash and a 1.0% NSR royalty, which can be repurchased for \$200,000.

Gold Run and Midas Properties

During the year ended December 31, 2019, the Company 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 2.0% NSR royalty on each of the properties, of which 1.0% 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.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Yukon Gold Projects (Continued)

Gold Run and Midas Properties (Continued)

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 a one-time-payment of \$5,000 to the vendor.

Subsequent to the period ended June 30, 2021, the Company decided to discontinue its interest in the properties.

Other Yukon (White Gold District)

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)

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.

British Columbia Project

TAG Property

The Company holds a 100% interest in the TAG property ("Property") located near Atlin, BC, subject to a 2.5% "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") to sell 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.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

British Columbia Property (Continued)

TAG Property (Continued)

During the period ended June 30, 2021, the Company closed the sale of the Property with Engineer in exchange for a consideration of:

- \$200,000 in cash (\$100,000 received during the year ended December 31, 2020 and \$100,000 received during the period ended June 30, 2021);
- Issuance of 2,000,000 common shares of Engineer within five days of applicable stock exchange approvals of a definitive agreement (received and valued at \$120,000);
- \$250,000 in advance royalty payments over ten years, payable in cash or shares (2021 payment received subsequent to the period ended June 30, 2021);
- \$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% NSR 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.

7. SHARE CAPITAL

Authorized share capital:

An unlimited number of common shares without par value.

In May 2021, the Company completed a private placement and issued 16,450,000 units 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 \$4,378 in other share issue costs. In addition, 288,000 finder's warrants with a value of \$69,120 were issued. Each finder's 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.

During the six months ended June 30, 2021, the Company:

- Issued 500,000 common shares valued at \$95,000 in connection with amending the option agreement for the Badger property (Note 6);
- Issued 200,000 common shares valued at \$97,000 in connection with the Tom Joe and Rocky Brook properties (Note 6);
- Issued 600,000 common shares valued at \$300,000 in connection with the Jumpers Brook property (Note 6);
- Issued 700,000 common shares valued at \$315,000 in connection with the Rocky Pond and Brunt Lake properties (Note 6);
- Issued 397,500 common shares for proceeds of \$30,225 for stock options exercised (Note 8); and
- Issued 150,000 common shares for proceeds of \$22,500 for warrants exercised (Note 8).

7. SHARE CAPITAL (CONTINUED)

In November 2020, the Company completed a private placement and issued 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 finders' fees of \$69,000 in cash and issued 690,000 finder's warrants with a value of \$66,240. Each finder's warrant is exercisable into one common share at a price of \$0.10 per share for a period of two years from the issuance date.

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 750,000 common shares valued at \$90,000 in connection with the Badger property (Note 6);
- Issued 750,000 common shares valued at \$90,000 in connection with the Barrens Lake property (Note 6); and
- Issued 1,000,000 common shares valued at \$120,000 in connection with the Millertown property (Note 6).

8. STOCK OPTIONS AND WARRANTS

Stock Options

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

Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price (\$)
Balance, December 31, 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	1,085,000	0.30
Exercised	(397,500)	0.08
Expired/Forfeited	(200,000)	0.14
Balance, June 30, 2021	4,002,500	0.18
Exercisable, June 30, 2021	2,223,750	0.16

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

Stock Options (Continued)

As at June 30, 2021, outstanding incentive stock options were as follows:

Expiry Date	June 30, 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	1,530,000	0.14	1,655,000	0.14
December 3, 2023	-	-	75,000	0.14
March 18, 2024	330,000	0.16	-	-
April 12, 2024	75,000	0.16	-	-
April 27, 2024	87,500	0.19	-	-
May 27, 2024	580,000	0.42	-	-
	4,002,500	0.18	3,515,000	0.13

As at June 30, 2021, the weighted average remaining life of the outstanding options was 2.25 years (December 31, 2020 - 2.38 years).

During the six months ended June 30, 2021, the Company recognized stock-based compensation of \$180,179 (2020 - \$3,880) in relation to stock options. The Company granted 1,085,000 (2020 - Nil) options during the six months ended June 30, 2021. 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:

	June 30, 2021
Risk-free interest rate	0.51%
Expected life of option	3.0 years
Expected dividend yield	Nil
Expected stock price volatility	178.84%

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	6,440,000	0.15
Granted	8,513,000	0.20
Exercised	(150,000)	0.15
Balance, June 30, 2021	14,803,000	0.18

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

Warrants (Continued)

As at June 30, 2021, outstanding warrants were as follows:

Expiry Date	June 30, 2021		December 31, 2020	
	Outstanding Warrants	Exercise Price (\$)	Outstanding Warrants	Exercise Price (\$)
November 19, 2022	5,600,000	0.15	5,750,000	0.15
November 19, 2022	690,000	0.10	690,000	0.10
May 10, 2023	8,225,000	0.20	-	-
May 10, 2023	288,000	0.16	-	-
	14,803,000	0.18	6,440,000	0.15

During the six months ended June 30, 2021, the Company granted 288,000 (2020 - Nil) finder's warrants with a value of \$69,120 (2020 - \$Nil). The fair value of the warrants granted was estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	June 30, 2021
Risk-free interest rate	0.29%
Expected life of option	2.0 years
Expected dividend yield	Nil
Expected stock price volatility	175.37%

9. RELATED PARTY TRANSACTIONS

a. Balances outstanding

As at June 30, 2021, accounts payable and accrued liabilities include \$4,550 (December 31, 2020 - \$76,402) owing to an officer and a company controlled by a former officer.

Included in accounts receivable was \$6,930 (December 31, 2020 - \$Nil) due from Golden Predator, a significant shareholder of the Company.

b. Key management compensation

During the six months ended June 30, 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	\$ 60,000	\$ 12,400
Office rent	-	4,500
Professional fees	5,000	3,500
Mineral property – exploration expenditure	600	-
Stock-based compensation	137,478	3,317
	\$ 203,078	\$ 23,717

10. SUPPLEMENTARY CASH FLOW INFORMATION

Significant non-cash transactions during the six months ended June 30, 2021 included:

- \$807,000 in shares issued for exploration and evaluation assets (Note 6);
- \$120,000 in shares received for exploration and evaluation assets (Note 6);
- \$27,787 for fair value of options exercised;
- \$69,120 for fair value of finder's warrants issued; and
- \$404,409 in accounts payable for exploration and evaluation assets.

Significant non-cash transactions during the six months ended June 30, 2020 included:

- \$25,000 in shares issued for exploration and evaluation assets (Note 6).

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. The Company's cash and cash equivalents and accounts receivable are categorized as financial assets measured at amortized costs. Accounts payable and accrued liabilities, due to related party and advance are categorized as financial liabilities measured at amortized cost. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, due to related party and advance are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments.

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 June 30, 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.

Financial Risk Management

Market risk

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

Foreign exchange risk

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

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Management (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.

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 June 30, 2021, the Company had a working capital of \$2,538,569 (December 31, 2020 - \$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 June 30, 2021, a 10% fluctuation in the price of the Company's marketable securities would increase or decrease comprehensive loss by \$14,300 (December 31, 2020 - \$3,000).

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 June 30, 2021 and 2020.

12. SUBSEQUENT EVENTS

Subsequent to the period ended June 30, 2021, the Company:

- a) Completed the acquisition of a 100% ownership of two non-contiguous infill mineral licenses (7 claims and 11 claims) within the Company's Barrens Lake property area by paying \$20,000 cash and issuing 200,000 common shares to the vendor. The vendor retains a 2% NSR royalty, of which the Company can purchase 1% at any time for \$1,000,000.
- b) Entered into an option and joint venture agreement (the "JV Agreement") with Buchans Resources Limited ("Buchans") whereby Buchans will grant the Company an option to acquire up to a 70% ownership interest in 364 mineral claims covering the Lake Douglas and South Tally properties (the "Properties"). Pursuant to the JV Agreement, the Company will exercise an initial option (the "First Option") to earn a 51% ownership interest in the Properties by issuing 100,000 common shares (issued) to Buchans and incur exploration expenditures of \$1,500,000 over a four-year period. A joint venture is formed with the Company owning 51% and Buchans owning 49% upon completion of the First Option. If Buchans elects not to participate in the joint venture, the Company will have the right to exercise a second option to earn an additional 19% ownership interest by incurring additional exploration expenditures in the minimum of \$1,000,000 on the Properties on or prior to the date that is five years from the date of the JV Agreement. The JV Agreement also contains a provision where if a base-metal dominant area is identified, then Buchans would become the operator of this base metal joint venture with Buchans owning 70% and the Company owning 30%. Dilution of either party's joint venture interest to below 10% will result in that party's joint venture interest converting to a 2% NSR royalty, of which the majority joint venture interest owner can purchase 1% for \$1,500,000.
- c) 130,000 options were exercised for a total proceed of \$20,000.