

## **C2C Gold Corporation inc.**

(an exploration company)

### **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**September 30<sup>th</sup>, 2008**

(unaudited)

Q3

**NOTICE FROM THE MANAGEMENT:** The accompanying interim consolidated financial statements have not been reviewed by the company's external auditors.

# C2C Gold Corporation inc.

(an exploration company)

## Consolidated Balance Sheet (unaudited)

	As at September 30, 2008	As at December 31, 2007
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,672,305	3,346,134
Sales taxes receivable	30,574	219,575
Interest receivable	7,620	3,653
Other receivable	9,000	9,000
Prepaid expenses and other	3,851	23,390
	<u>1,723,350</u>	<u>3,601,752</u>
<b>Capital assets</b>	3,943	2,330
<b>Mining properties (note 4 and 13)</b>	2,767,013	1,696,163
<b>Deferred exploration costs (note 5)</b>	2,043,213	2,004,796
	<u>6,537,519</u>	<u>7,305,041</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities		
Company owned by a director	-	57,233
Other	167,495	724,272
	<u>167,495</u>	<u>781,505</u>
<b>Shareholders' equity</b>		
Share capital (note 6)	9,194,998	8,900,235
Warrants (note 8)	2,054,095	2,105,191
Contributed surplus	1,797,587	1,391,226
Deficit	(6,676,656)	(5,873,116)
	<u>6,370,024</u>	<u>6,523,536</u>
	<u>6,537,519</u>	<u>7,305,041</u>

### Going concern (note 1)

The accompanying notes are an integral part of the interim consolidated financial statements.

Approved by the Board of Directors,

(Signed) PAUL FOREST, Director

(Signed) DOMINIQUE TURCOTTE, Director

## C2C Gold Corporation inc.

(an exploration company)

### Interim Consolidated Statements of Deficit (unaudited)

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	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Balance-Beginning of period</b>	6,591,688	5,363,386	5,873,116	3,556,537
Net loss for the period	84,968	168,586	803,540	1,975,435
<b>Balance-End of period</b>	<u>6,676,656</u>	<u>5,531,972</u>	<u>6,676,656</u>	<u>5,531,972</u>

### Interim Consolidated Statements of Contributed Surplus (unaudited)

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	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Balance-Beginning of period</b>	1,753,548	1,324,990	1,391,226	592,547
Stock options exercised during the period (note 7)	44,039	-	406,361	831,993
Stock options matured or cancelled during the period (note 7)	-	(24,597)	-	(124,147)
<b>Balance-End of period</b>	<u>1,797,587</u>	<u>1,300,393</u>	<u>1,797,587</u>	<u>1,300,393</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

## C2C Gold Corporation inc.

(an exploration company)

### Interim Consolidated Statements of Earnings and Comprehensive Income (unaudited)

	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Revenues</b>				
Interest income	4,746	50,050	95,052	103,382
	<u>4,746</u>	<u>50,050</u>	<u>95,052</u>	<u>103,382</u>
<b>Expenses</b>				
Management fees	8,656	18,195	82,719	75,295
Professional and financing search fees	45,623	120,473	189,480	630,381
Investor relation	54,519	5,000	180,148	80,000
Fees and search for mining properties	-	-	-	131,565
Stock-based compensation cost	-	-	319,737	834,011
Maintenance and transfer agent fees	9,521	5,656	20,830	50,040
Shareholder information	15,438	27,194	25,488	38,913
Office expenses	24,952	-	38,294	25,481
Entertainment expenses and promotion	16,029	5,000	96,209	157,277
Insurance, taxes and permits	6,513	3,000	19,538	9,000
Rent	8,400	8,400	25,200	25,200
Foreign exchange loss (gain)	(119,426)	24,509	(119,426)	18,394
Amortization of capital assets	405	405	1,215	1,215
Interest and bank charges	353	804	429	2,045
Tax on resources	18,731	-	18,731	-
	<u>89,714</u>	<u>218,636</u>	<u>898,592</u>	<u>2,078,817</u>
<b>Net loss for the period</b>	<u>(84,968)</u>	<u>(168,586)</u>	<u>(803,540)</u>	<u>(1,975,435)</u>
<b>Basic and diluted loss per share (note 12)</b>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.04)</u>

#### Going concern (note 1)

The accompanying notes are an integral part of these interim consolidated financial statements.

**C2C Gold Corporation inc.**

(an exploration company)

**Interim Consolidated Statements of Cash Flows (unaudited)**

	<b>Three-Month Period Ended September 30</b>		<b>Nine-Month Period Ended September 30</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$	\$
<b>Cash flow from operating activities</b>				
Loss for the period	(84,968)	(168,856)	(803,540)	(1,975,435)
Item non affecting cash				
Stock-based compensation costs	44,039	-	406,361	831,993
Depreciation of fixed assets	405	405	1,215	1,215
	(40,524)	(168,181)	(395,964)	(1,142,227)
Net change in non-cash working capital items				
Sales taxes receivable	106,983	51,310	180,001	(56,821)
Interest receivable	(3,967)	(18,158)	(3,967)	(34,843)
Other receivable	-	(99,920)	-	(99,920)
Prepaid expenses	6,513	4,080	19,539	9,000
Accounts payable and accrued liabilities	(144,044)	(1,875)	(614,010)	86,643
	(34,515)	(64,563)	(409,437)	(95,941)
	(75,039)	(232,744)	(805,401)	(1,238,168)
<b>Cash flows from financing activities</b>				
Issuance of shares	-	185,575	223,667	4,297,418
Issuance of warrants	-	-	-	623,257
Share and warrant issue expenses	-	-	-	(106,952)
	-	185,575	223,667	4,813,723
<b>Cash flows from investing activities</b>				
Variation in exploration funds	-	400	-	130,529
Acquisition of mining properties	(204,043)	(247,392)	(1,050,850)	(880,220)
Acquisition of capital assets	(427)	-	(2,828)	-
Increase in deferred exploration costs	(8,124)	(1,480)	(38,417)	(132,009)
	(212,594)	(248,472)	(1,092,095)	(881,300)
<b>Net change in cash and cash equivalents</b>	(287,633)	(295,641)	(1,673,829)	2,694,255
<b>Cash and cash equivalents – Beginning of period</b>	1,959,938	3,752,136	3,346,134	762,240
<b>Cash and cash equivalents – End of period</b>	1,672,305	3,456,495	1,672,305	3,456,495

**Additional information (note 10)**

The accompanying notes are an integral part of these interim consolidated financial statements.

## **C2C Gold Corporation inc.**

(an exploration company)

### **Notes to Interim Consolidated Financial Statements (unaudited)**

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#### **1. INCORPORATION, NATURE OF ACTIVITIES AND GOING CONCERN**

The Company was incorporated under Part 1A of the Québec Companies Act on December 1, 1995. On February 14, 2008, the Company's name was changed from C2C Inc. to C2C Gold Corporation Inc. Its activities consist mainly in acquiring and exploring mining properties. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of mining property costs is dependent upon the capacity to exploit ore reserves economically, the Company's ability to obtain the necessary financing to continue exploring and developing its properties, and upon future profitable production or proceeds from the disposal of properties.

The Company must secure sufficient funds to meet its existing commitments for exploration and acquisition programs, as well as to pay its overhead and administration costs.

Management periodically seeks additional of financing through the issuance of new equity instruments, the exercise of outstanding common share warrants and stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without such funding being available, the Company may be unable to continue its operations, and the amounts realized for assets may be less than the amounts reflected in these financial statements.

Although management has taken steps to verify title to mining properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. The application of generally accepted accounting principles on a going concern basis may be inappropriate, since there is a doubt as to the validity of the going concern assumption.

These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of balance sheet items should the going concern assumption inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

## **C2C Gold Corporation inc.**

(an exploration company)

### **Notes to Interim Consolidated Financial Statements (unaudited)**

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#### **2. STATEMENT PRESENTATION**

The unaudited interim consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles. The accounting policies and procedures used in preparing these unaudited interim consolidated financial statements are the same as those used in preparing the audited annual financial statements for the year ended December 31, 2007, except for the new accounting policies described in note 3. The unaudited interim consolidated financial statements should be read along with the audited annual financial statements and notes to the statements for the year ended December 31, 2007.

The operating results for the interim period covered do not necessarily reflect overall results for the fiscal year. Certain comparative figures have been reclassified to conform to the presentation being used in the current fiscal year.

#### **3. CHANGE IN ACCOUNTING POLICIES**

On January 1, 2008, the Corporation adopted the following recommendations:

##### **Capital**

Section 1535, Capital Disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose the following:

- Its objectives, policies and processes for managing capital;
- Summary quantitative data about what it manages as capital;
- Whether during the period it complied with any externally imposed capital requirements to which it is subject;
- When the entity has not complied with such requirements, the consequences of such non compliance.

##### **Financial instruments**

Section 3862, *Financial Instruments – Disclosures*, establishes the disclosure requirements for financial instruments. The new standards require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the fiscal year and at the balance sheet date, and how the entity manages those risks.

Section 3863 "Financial Instruments – Presentation" carries forward unchanged the presentation requirements of the old Section 3861 "Financial Instruments – Disclosure and Presentation".

The adoption of these standards did not have any material effect on the results, the financial position or the cash flows of the Company.

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**Notes to Interim Consolidated Financial Statements (unaudited)**

**4. MINING PROPERTIES**

	<b>Undivided interest</b>	<b>Balance as at January 1, 2008</b>	<b>Costs incurred</b>	<b>Balance as at September 30, 2008</b>
	%	\$	\$	\$
Fournière in Quebec	100	83,600	-	83,600
Sarcelle (Opinaca sector) in Quebec	100	51,155	6,325	57,480
Properties under option				
New Bidlamaque in Quebec	50	210,000	-	210,000
Blackcliff in Quebec	50	165,000	145,000	310,000
Property in process of acquisition				
Bella Rica in Ecuador	-	1, 186,408	919,525	2, 105,933
		1, 696,163	1, 070,850	2, 767,013

**New Bidlamaque Property**

In May 2007, the Company acquired an option through which C2C may obtain an initial 50% interest in the New Bidlamaque Property, located in the province of Québec by making a payment of \$40,000, issuing 250,000 C2C shares, and incurring exploration expenditures of \$5,000,000 over a four year period. In the 5<sup>th</sup> year of the agreement, the Company may elect to increase its interest in the Property by 10% (for a total of 60%), by issuing an additional 250,000 C2C shares, and incurring exploratory work expenditures of \$5,000,000 (for total expenditures of \$10,000,000). In addition, if the Company has completed the requirements of the 2<sup>nd</sup> stage of vesting, C2C may earn an additional 6% (for a total of 66%) in the Property by completing a feasibility study and issuing an additional 500,000 C2C shares (for a total of 1,000,000 shares).

**Blackcliff Property**

In September 2007, the Company agreed with Animiki Mining Corporation Ltd., to enter into an agreement to purchase, as equal partners, a 100% interest in the Blackcliff property, located in Malartic Township, Quebec in consideration of the following:

- At the time of signature of the Agreement, pay \$25,000 and issue 400,000 common shares of C2C capital stock to the vendors and, 4 months after closing, pay an additional \$50,000 to the vendors.

Thereafter, C2C and Animiki agree to the following with the vendors:

- At the first anniversary date of the signature of the Agreement, pay \$100,000 and grant 50,000 Animiki shares and 50,000 C2C shares; at the second anniversary date of the signature of the Agreement, pay \$200,000 and grant 50,000 Animiki shares and 50,000 C2C shares and; at the third anniversary date of the signature of the Agreement, pay \$200,000 and grant 50,000 Animiki shares and 50,000 C2C shares.

## **C2C Gold Corporation inc.**

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### **Notes to Interim Consolidated Financial Statements (unaudited)**

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#### **4. MINING PROPERTIES (continued)**

##### **Blackcliff Property**

According to the Agreement, C2C and Animiki will conduct exploratory work at a value of 5 million dollars, according to the following schedule: \$500,000 during the first twelve months following the signature of the Agreement; \$750,000 during the second year; \$1,250,000 during the third year, and; \$2,500,000 during the fourth year. It is also understood that, should Animiki fail to become a public stock exchange listed Company within 6 months of the signature of the Agreement, C2C will, assume full interest, responsibility and liability for this agreement, including all cash payments, exploratory expenses and royalty payments.

The vendors will retain a 3% raw metal royalty, payable on any mineral extracted from the property. They will also receive 10% net interest on profits (NIP) from the property after Animiki and C2C have recovered a total of \$3,500,000 in direct capital costs incurred, after the conditions stipulated below have been met, and prior to commercial production.

Should C2C and Animiki begin commercial production of the Property within the first three years following the signature of the Agreement, C2C will pay the remainder of the sums payable and will grant the rest of the shares due. However, C2C and Animiki will not be obliged to undertake further exploration expenditures on the Property.

##### **Mine Paraiso-Pambil (Bella Rica)**

C2C, through a subsidiary to be created, C2C Ecuador S.A. ("C2C Ecuador") and Beloro Compania Limitada ("Beloro") controlled by David Andres Machuca Granda ("Machuca"), agreed to form a joint venture ("Joint Venture") combining their efforts to explore and exploit the Paraiso-Pambil mine located on Bella Rica mining concession in Ecuador. C2C may also acquire a 50% undivided interest in the Patricia and Cerro De Oro 1 properties.

On March 22, 2007, C2C signed a letter of intent with Inmobiliaria Buena Renta S.A. ("Inburesa") and Machuca, which was amended on September 20, 2007. A new agreement was signed on December 14, 2007 between the Company, Machuca, C2C Ecuador and Gualaquiza Ingenieros S.A. superseding all prior agreements and specifying the new conditions related to the Joint Venture, to Beloro, as well as to the Patricia and Cerro de Oro 1 properties. The parties agreed on August 8th, 2008 to modify and clarify certain parameters of the December 14th 2007 agreement.

- a) In consideration of an option to acquire a 50% interest in Beloro, C2C has committed towards Machuca to:
- Pay an amount of US\$1,100,000 on the final agreement signing Date ("Signing Date") when the Joint Venture is established of which US\$800,000 in cash and US\$300,000 by the issuance of 4,000,000 common shares of its share capital;
  - Pay an amount of US\$200,000 six months after the Signing Date, and;

## **C2C Gold Corporation inc.**

(an exploration company)

### **Notes to Interim Consolidated Financial Statements (unaudited)**

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#### **4. MINING PROPERTIES (continued)**

##### **Mine Paraiso-Pambil (Bella Rica) (continued)**

- Pay an amount of US\$1,700,000 in 10 consecutive monthly payments of US\$170,00 starting the 13<sup>th</sup> month after the Closing Date;
  - Issue 8,000,000 common shares of its share capital as follows:
    - on the Signing Date, 4,000,000 common shares of its share capital;
    - 12 months following the Signing Date, 2,000,000 common shares of its share capital;
    - 18 months following the Signing Date, 2,000,000 common shares of its share capital.
- b) For a period of three years following the Signing Date, C2C will pay Machuca 25% of its share of income earned by the Joint Venture.
- c) The Company has committed to invest US\$2,000,000 in the Joint Venture in the year following the Signing Date to improve gold production and extraction infrastructures and fund the Joint Venture's initial working capital.
- d) In the first year following the Signing Date, C2C will invest 40% of its share of income earned by the Joint Venture, up to a maximum of US\$1,000,000 to improve gold production and extraction infrastructures. C2C has also committed to invest for the same goal 20% of its share of the income earned from the Joint Venture during the second year and 40% of its share of the income earned by the Joint Venture during the third year.
- e) If the legislative framework currently in the approval process allows Machuca to keep its properties Patricia and Cerro de Oro (i), C2C will then be able to acquire 50% of these properties under the following conditions: i) pay an amount of US\$200,000 at the Closing Date and make two additional annual payments of US\$200,000; ii) issue 1,000,000 common shares of its share capital, 250,000 at the Closing Date and 250,000 common shares each year for the three subsequent years and iii) invest an amount of US\$2,500,000 in work on the properties over the next four years.

Beloro is a new company created by Machuca who will transfer the following assets to it:

- Rights related to an operating agreement on the Bella Rica mining concession;
- Surface land rights equipped with infrastructures and facilities, machinery, equipment and other assets required to explore Paraiso-Pambil mine;
- A processing plant.

## C2C Gold Corporation inc.

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### Notes to Interim Consolidated Financial Statements (unaudited)

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#### 4. MINING PROPERTIES (continued)

##### Mine Paraiso-Pambil (Bella Rica) (continued)

The Paraiso-Pambil mine has been in active production since 1983 and has produced more than 244,000 ounces of gold over its twenty-five years of operation. Recent production over the last several years has been at an annual rate of 25,000 ounces of gold. The mine is supported by extensive infrastructure, including 10 km of well maintained secondary roads leading to the national highway, electricity, labour force, underground mine equipment, mill and mine buildings.

The resources of the Paraiso-Pambil mine were reported to be over 100,000 ounces of gold according to Golder's NC 43-101 report, most of which are concentrated in the main vein currently being mined (5 more parallel veins are known to exist, but have not yet been explored).

In 2007, the Company invested \$1,186,408 in this project, US\$250,000 of which was paid when the first letter of offer was signed, US\$100,000 was an advance on the purchase price and \$837,408 was for due diligence audit fees, expenses for preparing the 43-101 report, legal fees and other related expenses. During the nine-month period ended September 30<sup>th</sup>, 2008, the company invested an amount of \$919,525 for the legal fees, the preparation of investment and working plans and on a deposit for the purchase of equipment.

Also see note 13 for additional information

#### 5. DEFERRED EXPLORATION COSTS

	Balance as at January 1, 2008	Costs incurred	Balance as at September 30, 2008
	\$	\$	\$
Fournière in Quebec	222,982	3,938	226,920
Sarcelle (Opinaca sector) in Quebec	344,408	7,717	352,125
New Bidlamaque in Quebec (option)	540,529	12,038	552,567
Blackcliff in Quebec (option)	896,877	14,724	911,601
	<u>2,004,796</u>	<u>38,417</u>	<u>2,043,213</u>

## C2C Gold Corporation inc.

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### Notes to Interim Consolidated Financial Statements (unaudited)

#### 6. SHARE CAPITAL

Authorized:

Unlimited number of common shares, without par value, voting and participating .

Variation of issued and fully paid share capital:

	Nine-Month Period Ended September 30, 2008		Twelve-Month Period Ended December 31, 2007	
	Number	Stated Value	Number	Stated Value
	#	\$	#	\$
<b>Balance- Beginning of period</b>	60 089 011	8, 900,235	42 135 996	4,077,228
Non-flow-through financings	-	-	10 764 015	3,099,406
Flow-through financings	-	-	-	-
Acquisition of mining properties	200 000	20,000	650 000	310,000
Warrants exercised	1 268 333	274,763	5 664 000	1,482,352
Stock options exercised	-	-	875 000	324,647
	61 557 344	9, 194,998	60 089 011	9,293,633
Share issue expenses	-	-	-	(393,398)
<b>Balance- End of Period</b>	61 557 344	9, 194,998	60 089 011	8,900,235

#### 7. STOCK OPTION PLAN

The following table summarizes information about outstanding and exercisable stock options recorded under Shareholders' Equity during these periods:

	Nine-Month Period Ended September 30, 2008		Twelve-Month Period Ended December 31, 2007	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	#	\$	#	\$
<b>Balance- Beginning of period</b>	2 775 000	0.53	2 525 000	0.33
Granted	1 500 000	0.36	1 975 000	0.62
Exercised	-	-	(875 000)	0.22
Matured or cancelled	(850 000)	0.58	(850 000)	0.46
<b>Outstanding – End of Period</b>	3 425 000	0.45	2 775 000	0.53
<b>Exercisable- End of Period</b>	2 550 000	0.46	2 550 000	0.54

## C2C Gold Corporation inc.

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### Notes to Interim Consolidated Financial Statements (unaudited)

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#### 7. STOCK OPTION PLAN (continued)

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2008:

	Number	Weighted average remaining contractual life (years)	Weighted average exercise price \$
Directors and officers	1, 150,000	3.83	0.58
Service suppliers	1, 275,000	3.74	0.40
Directors	1, 000,000	1.11	0.36
	3, 425,000		

The fair value of warrants granted during the period ended September 30, 2008 was estimated using the Black-Scholes valuation model with the following weighted average assumptions:

Risk-free interest rate	From 2.68% and 3.37%
Expected volatility	100%
Dividend yield	Nil
Expected life	24 months and 60 months
Fair value on the date of grant	From 0.30\$ to 0.37\$

## C2C Gold Corporation inc.

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### Notes to Interim Consolidated Financial Statements (unaudited)

#### 8. WARRANTS

The following table summarizes the variation of warrants recorded under Shareholders' Equity during the nine-month period ended September 30, 2008 and the twelve-month period ended December 31, 2007.

	As at September 30, 2008			As at December 31, 2007		
	Number	Carrying Value	Weighted average exercise price	Number	Carrying Value	Weighted average exercise price
	#	\$	\$	#	\$	\$
<b>Unit warrants</b>						
Outstanding and exercisable- Beginning of Period	2, 417,500	679,043	0.13	2, 600,000	732,738	0.13
Exercised	-	-	-	(182,500)	(53,695)	0.12
Matured or cancelled	(92,500)	-	0.50	-	-	-
	2, 325,000	679,043	0.12	2, 417,500	679,043	0.13
<b>Share warrants</b>						
Outstanding and exercisable- Beginning of Period	33, 469,315	1, 426,148	0.29	27,000,000	937,111	0.19
Grant in a private placement	-	-	-	10, 043,000	623,257	0.50
Granted as agents compensation	-	-	-	1, 725,315	187,100	0.45
Unit warrants	-	-	-	182,500	5,182	0.17
Exercised	(1, 268,333)	(51,096)	0.18	(5, 481,500)	(241,715)	0.21
Expired or cancelled	(12, 409,315)	-	0.50	-	-	-
	19, 791,667	1, 375,052		33, 469,315	1, 510,935	0.29
<b>Warrant issue expenses</b>		-			(84,787)	
	19, 791,667	1, 375,052	0.17	33, 469,315	1, 426,148	0.29
<b>Outstanding and exercisable – end of period</b>	22, 116,667	2, 054,095		35, 886,815	2, 105,191	

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### Notes to Interim Consolidated Financial Statements (unaudited)

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#### 8. WARRANTS (continued)

##### Unit warrants

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Exercise Price \$	Number	Weighted average remaining contractual life (years)
0.10	1, 325,000	0.14
0.15	1, 000,000	0.14
	2, 325,000	

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##### Share warrants

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Exercise Price \$	Number	Weighted average remaining contractual life (years)
0.15	11, 595,000	0.14
0.20	8, 196,667	0.14
	19, 791,667	

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#### 9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to fund its operations and to explore and develop its mining properties. The capital management objectives remain the same as for the previous fiscal year.

The Company's capital is composed exclusively of equity. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Company may attempt to raise additional financing through the issuance of new equity instruments, the exercise of outstanding common share warrants and stock options. The Company may also sell certain assets.

The Company is not subject to any externally-imposed capital requirement.

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### Notes to Interim Consolidated Financial Statements (unaudited)

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#### 10. ADDITIONAL INFORMATION

Items not affecting cash and cash equivalents related to financing and investing activities:

	Nine-Month Period Ended September 30	
	2008	2007
	\$	\$
Proceeds from the issuance of share capital included in the subscription receivable	-	7,500
Fair value of warrants accounted for as share and warrant issue expenses	-	187,100
Proceeds from issuance of share capital accounted for as share and warrant issue expenses	-	207,613
Value attributed to the shares issue for mining acquisition	20,000	-

#### 11. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with companies controlled by directors and/or officers :

	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
President's fees	9,125	20,064	61,625	68,064
Management fees	-	-	15,000	-
Accounting fees	7,525	-	39,733	-
Fees related to the acquisition of mining properties and deferred exploration costs	64,944	9,869	196,669	17,044
	81,594	29,933	313,027	85,108

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## C2C Gold Corporation inc.

(an exploration company)

### Notes to Interim Consolidated Financial Statements (unaudited)

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#### 12. EARNINGS PER SHARE

	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2008	2007	2008	2007
Basic and diluted weighted average number of shares outstanding	61 361 692	58 654 631	61 177 228	56 058 346

For the three-month period and nine-month period ended September 30, 2008, the diluted loss per share was the same as the basic loss per share since the dilutive effect of stock options and warrants was not included in the calculation; otherwise, the effect would have been anti-dilutive. Accordingly, the diluted loss per share for this period was calculated using the basic weighted average number of shares outstanding.

However, should the Company's basic earnings per share have been positive, the warrants exercisable at exercise prices varying from \$0.10 to \$0.20 would have been dilutive and would have resulted in the addition of 378,571 shares for the three-month period and 6,198,912 shares for the nine-month period ended September 30, 2008, to the weighted average number of shares outstanding used in the diluted earnings per share calculation.

#### 13. POLITICAL DEVELOPMENT IN ECUADOR

On April 18, 2008, Ecuador's Constitutional Assembly passed a mandate that affects all companies working in the country's mining sector.

On September 28, a new constitution was adopted and a new mining law was proposed on October 28, 2008.

The Corporation is seeking clarifications from the government on the statements made in the mandate that have an impact on the Company projects and on Ecuador's mining industry in general. According to the information and interpretations received at the time of writing, the mandate stipulates that:

- The Paraiso-Pambil mine can pursue its mining activities and the mine is still operational;
- Mines authorized to continue operating will have to renegotiate their mining title according to the provisions and conditions of the mining law to be adopted at a later date (January 2009);
- The mandate adopted April 18<sup>th</sup>, 2008 limits to 3 the number of concessions that a related group of companies or individuals may hold but the draft of the proposed mining law does not contain such restrictions;
- A moratorium has been declared on the allocation of mining concessions until a new constitutional and legal framework is ratified.

Consequently, the Company is continuing with the acquisition of the Paraiso-Pambil mine at this time.