



**TUDOR GOLD CORP.**

**(An Exploration Stage Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(Expressed in Canadian Dollars)**

**MANAGEMENT'S COMMENTS ON  
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**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 financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Tudor Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based on information currently available.

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

**TUDOR GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

|   | December 31, 2019    | March 31, 2019       |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| <b>Current</b>  |                      |                      |
| Cash  | \$ 5,832,825         | \$ 265,712           |
| Amounts receivable                                    | 463,337              | 217,849              |
| Investments (Note 6)                                  | 281,250              | 125,000              |
| Prepays and deposits                                  | 56,841               | 12,573               |
|   | <u>6,634,253</u>     | <u>621,134</u>       |
| <b>Restricted cash</b> (Note 4)                       | 57,500               | -                    |
| <b>Reclamation deposits</b> (Note 5)                  | 145,600              | 145,600              |
| <b>Exploration and evaluation assets</b> (Note 5)     | 25,154,043           | 19,841,898           |
| <b>Property and equipment</b> (Note 7)                | 185,267              | 194,389              |
| <b>Total assets</b>                                   | <u>\$ 32,176,663</u> | <u>\$ 20,803,021</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                      |                      |
| <b>Current</b>  |                      |                      |
| Accounts payable and accrued liabilities (Note 9)     | \$ 313,705           | \$ 1,575,274         |
| Current portion of lease obligations (Note 10)        | 18,252               | 18,808               |
|   | <u>331,957</u>       | <u>1,594,082</u>     |
| <b>Lease obligations</b> (Note 10)                    | 7,392                | 21,013               |
| <b>Credit facility</b> (Notes 9)                      | -                    | 716,033              |
| <b>Flow-through share premium liability</b> (Note 11) | 120,000              | -                    |
| <b>Total liabilities</b>                              | <u>459,349</u>       | <u>2,331,128</u>     |
| <b>Shareholders' equity</b>                           |                      |                      |
| Share capital (Note 8)                                | 39,824,844           | 25,073,362           |
| Share subscriptions received in advance (Note 8)      | 20,000               | -                    |
| Equity reserves (Note 8)                              | 2,878,483            | 2,456,766            |
| Accumulated other comprehensive income (loss)         | 125,000              | (31,250)             |
| Deficit   | (11,131,013)         | (9,026,985)          |
| <b>Total shareholders' equity</b>                     | <u>31,717,314</u>    | <u>18,471,893</u>    |
| <b>Total liabilities and shareholders' equity</b>     | <u>\$ 32,176,663</u> | <u>\$ 20,803,021</u> |

Nature of operations (Note 1)

Basis of presentation (Note 2)

Subsequent events (Note 15)

On behalf of the Board:

"Walter Storm"

Director

"Sean Pownall"

Director

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

**TUDOR GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

|   | Three months ended<br>31-Dec-19 | Three months ended<br>31-Dec-18 | Nine months ended<br>31-Dec-19 | Nine months ended<br>31-Dec-18 |
|---|---------------------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>EXPENSES</b>   |                                 |                                 |                                |                                |
| Accretion   | \$ 475                          | \$ 284                          | \$ 1,281                       | \$ 704                         |
| Automobile  | 3,711                           | 3,760                           | 12,439                         | 10,874                         |
| Consulting fees (Note 9)  | 183,756                         | (273)                           | 520,461                        | 123,541                        |
| Depreciation (Note 7)   | 12,539                          | 11,418                          | 36,783                         | 28,734                         |
| Interest expense (recovery)   | -                               | 13,146                          | 19,465                         | 93,727                         |
| Management fees (Note 9)  | 18,000                          | 20,000                          | 42,000                         | 92,000                         |
| Office and miscellaneous (recovery)   | 6,064                           | (5,929)                         | 44,664                         | 42,816                         |
| Professional fees   | 44,597                          | 31,347                          | 143,843                        | 55,240                         |
| Salaries and wages (Note 9)   | 55,530                          | 62,318                          | 340,813                        | 153,825                        |
| Shareholder information and promotion   | 71,861                          | 41,514                          | 219,468                        | 169,625                        |
| Share-based compensation (Note 8)   | 31,701                          | 8,110                           | 446,006                        | 52,499                         |
| Transfer agent, listing and filing fees   | 6,909                           | 2,958                           | 34,432                         | 17,339                         |
| Travel  | 44,568                          | 25,080                          | 57,340                         | 31,676                         |
| <b>Loss from operations</b>   | <b>(479,711)</b>                | <b>(213,733)</b>                | <b>(1,918,995)</b>             | <b>(872,600)</b>               |
| Foreign exchange gain (loss)  | -                               | (77)                            | 20                             | (23)                           |
| Interest income   | 5,797                           | -                               | 13,359                         | -                              |
| Loss on settlement of debts   | -                               | -                               | (198,412)                      | -                              |
| Write-down of exploration and evaluation assets (Note 5)                            | -                               | -                               | -                              | (556,711)                      |
| Write-down of accounts payable  | -                               | 11,655                          | -                              | 11,655                         |
| <b>Net loss for the period</b>  | <b>\$ (473,914)</b>             | <b>\$ (202,155)</b>             | <b>\$ (2,104,028)</b>          | <b>\$ (1,417,679)</b>          |
| <b>Other comprehensive loss</b>   |                                 |                                 |                                |                                |
| Unrealized gain (loss) on investments (Note 6)                                      | (31,250)                        | (31,250)                        | 156,250                        | (62,500)                       |
| <b>Comprehensive loss for the period</b>  | <b>\$ (505,164)</b>             | <b>\$ (233,405)</b>             | <b>\$ (1,947,778)</b>          | <b>\$ (1,480,179)</b>          |
| <b>Basic and diluted loss per common share</b>                                      | <b>\$ (0.00)</b>                | <b>\$ (0.00)</b>                | <b>\$ (0.02)</b>               | <b>\$ (0.02)</b>               |
| <b>Weighted average number of common shares outstanding<br/>(basic and diluted)</b> | <b>133,178,480</b>              | <b>96,674,061</b>               | <b>124,565,137</b>             | <b>91,505,082</b>              |

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

**TUDOR GOLD CORP.**

(An Exploration Stage Company)

**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

|  | <u>Share Capital</u> |                      | Share<br>Subscriptions<br>Received in<br>Advance | Equity<br>Reserves  | Accumulated<br>Other<br>Comprehensive<br>Income | Deficit                | Total                |
|--|----------------------|----------------------|--|---------------------|---|------------------------|----------------------|
|  | Number of<br>Shares  | Amount               |  |                     |   |                        |                      |
| <b>Balance, March 31, 2018</b>               | <b>81,525,438</b>    | <b>\$ 17,839,637</b> | <b>\$ 628,000</b>                                | <b>\$ 811,113</b>   | <b>\$ -</b>                                     | <b>\$ (5,528,970)</b>  | <b>\$ 13,749,780</b> |
| Private placements                           | 12,048,623           | 4,181,700            | (628,000)  | 30,000              | -   | -                      | 3,583,700            |
| Exercise of warrants                         | 2,000,000            | 200,000              | -  | -                   | -   | -                      | 200,000              |
| Shares for exploration and evaluation assets | 1,250,000            | 289,000              | -  | -                   | -   | -                      | 289,000              |
| Share issue costs                            | -                    | (89,539)             | -  | 9,377               | -   | -                      | (80,162)             |
| Share subscriptions received in advance      | -                    | -                    | 124,300  | -                   | -   | -                      | 124,300              |
| Share-based compensation                     | -                    | -                    | -  | 52,499              | -   | -                      | 52,499               |
| Fair value adjustment on investment          | -                    | -                    | -  | -                   | (62,500)  | -                      | (62,500)             |
| Loss for the period                          | -                    | -                    | -  | -                   | -   | (1,417,679)            | (1,417,679)          |
| <b>Balance, December 31, 2018</b>            | <b>96,824,061</b>    | <b>22,420,798</b>    | <b>124,300</b>                                   | <b>902,989</b>      | <b>(62,500)</b>                                 | <b>(6,946,649)</b>     | <b>16,438,938</b>    |
| Private placements                           | 11,934,200           | 2,775,860            | (124,300)  | 207,690             | -   | -                      | 2,859,250            |
| Share issue costs                            | -                    | (123,296)            | -  | -                   | -   | -                      | (123,296)            |
| Share-based compensation                     | -                    | -                    | -  | 1,346,087           | -   | -                      | 1,346,087            |
| Fair value adjustment on adjustment          | -                    | -                    | -  | -                   | 31,250  | -                      | 31,250               |
| Loss for the period                          | -                    | -                    | -  | -                   | -   | (2,080,336)            | (2,080,336)          |
| <b>Balance, March 31, 2019</b>               | <b>108,758,261</b>   | <b>25,073,362</b>    | <b>-</b>   | <b>2,456,766</b>    | <b>(31,250)</b>                                 | <b>(9,026,985)</b>     | <b>18,471,893</b>    |
| Private placements                           | 24,151,164           | 11,232,135           | -  | -                   | -   | -                      | 11,232,135           |
| Flow-through share premium                   | -                    | (120,000)            | -  | -                   | -   | -                      | (120,000)            |
| Shares for debts                             | 3,293,650            | 1,123,412            | -  | -                   | -   | -                      | 1,123,412            |
| Exercise of options                          | 850,000              | 204,404              | -  | (89,404)            | -   | -                      | 115,000              |
| Exercise of warrants                         | 5,098,231            | 2,171,982            | -  | (9,377)             | -   | -                      | 2,162,605            |
| Shares for exploration and evaluation assets | 1,075,000            | 806,250              | -  | -                   | -   | -                      | 806,250              |
| Share issue costs                            | -                    | (666,701)            | -  | 74,492              | -   | -                      | (592,209)            |
| Share subscriptions received in advance      | -                    | -                    | 20,000   | -                   | -   | -                      | 20,000               |
| Share-based compensation                     | -                    | -                    | -  | 446,006             | -   | -                      | 446,006              |
| Fair value adjustment on investment          | -                    | -                    | -  | -                   | 156,250   | -                      | 156,250              |
| Loss for the period                          | -                    | -                    | -  | -                   | -   | (2,104,028)            | (2,104,028)          |
| <b>Balance, December 31, 2019</b>            | <b>143,226,306</b>   | <b>\$ 39,824,844</b> | <b>\$ 20,000</b>                                 | <b>\$ 2,878,483</b> | <b>\$ 125,000</b>                               | <b>\$ (11,131,013)</b> | <b>\$ 31,717,314</b> |

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

**TUDOR GOLD CORP.**  
(An Exploration Stage Company)  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

| Nine months ended December 31,                           | 2019           | 2018           |
|--|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |                |                |
| Loss for the period                                      | \$ (2,104,028) | \$ (1,417,679) |
| Accretion on lease obligations                           | 1,281          | 704            |
| Accrued interest expense                                 | 12,929         | 93,153         |
| Depreciation   | 36,783         | 28,734         |
| Share-based compensation                                 | 446,006        | 52,499         |
| Loss on settlement of debts                              | 198,412        | -              |
| Write-down of exploration and evaluation assets          | -              | 556,711        |
| Write-off of accounts payable                            | -              | (11,655)       |
| Changes in non-cash working capital items:               |                |                |
| Amounts receivable                                       | (245,488)      | 139,889        |
| Prepays and deposits                                     | (44,268)       | (12,166)       |
| Accounts payable and accrued liabilities                 | (336,569)      | 422,817        |
| Net cash used in operating activities                    | (2,034,942)    | (146,993)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                |                |
| Restricted cash  | (57,500)       | -              |
| Exploration and evaluation assets - option payments      | -              | (50,000)       |
| Exploration and evaluation assets - exploration expenses | (4,505,895)    | (3,582,323)    |
| Purchase of property and equipment                       | (27,661)       | (35,829)       |
| Net cash used in investing activities                    | (4,591,056)    | (3,668,152)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |                |                |
| Finance lease payments                                   | (15,458)       | (15,457)       |
| Proceeds from private placements, net                    | 10,639,926     | 3,627,838      |
| Proceeds from exercise of options                        | 115,000        | -              |
| Proceeds from exercise of warrants                       | 2,162,605      | 200,000        |
| Share subscriptions received                             | 20,000         | -              |
| Repayment of credit facility                             | (728,962)      | -              |
| Repayment of loans                                       | -              | (240,000)      |
| Net cash provided by financing activities                | 12,193,111     | 3,572,381      |
| <b>Change in cash during the period</b>                  | 5,567,113      | (242,764)      |
| <b>Cash, beginning of period</b>                         | 265,712        | 302,362        |
| <b>Cash, end of period</b>                               | \$ 5,832,825   | \$ 59,598      |

**Supplemental disclosures with respect to cash flows (Note 14)**

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

## **TUDOR GOLD CORP.**

(An Exploration Stage Company)

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended December 31, 2019

(Expressed in Canadian dollars)

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#### **1. NATURE OF OPERATIONS**

Tudor Gold Corp. (the “Company”) was incorporated under the Business Corporations Act (Alberta) on January 20, 2010. On April 28, 2016, the Company was continued from the Province of Alberta to the Province of British Columbia. The Company changed its name to Tudor Gold Corp. on May 11, 2016. On April 6, 2016, the Company completed its Qualifying Transactions by entering into a definitive acquisition agreement with Tudor Holdings Ltd. (“Tudor Holdings”) involving the issuance of 30,000,000 common shares of the Company at a deemed price of \$0.10 per share in exchange for rights to the Mackie property located in the Skeena Mining Division of northwestern British Columbia (Notes 5 and 8). The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “TUD”. The Company is a junior resource exploration company that is involved in the acquisition and exploration of mineral properties in Canada.

The head office and principal business address of the Company is Suite 205 – 837 West Hastings St., Vancouver, BC, V6C 3N6.

#### **2. BASIS OF PRESENTATION**

##### Statement of Compliance

These condensed interim financial statements, including comparatives have been prepared in accordance with IAS 34, “Interim Financial Reporting” of the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process. These condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended March 31, 2019.

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on February 25, 2020.

##### Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments as described in Note 12, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Certain comparative financial information has been reclassified to conform with this year’s presentation.

## **TUDOR GOLD CORP.**

(An Exploration Stage Company)

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended December 31, 2019

(Expressed in Canadian dollars)

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#### Going Concern

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company's ability to obtain the necessary financing. During the nine months ended December 31, 2019, the Company incurred a comprehensive loss of \$2,104,028 (2018 - \$1,417,679) and as at December 31, 2019 had an accumulated deficit of \$11,131,013 (March 31, 2019 - \$9,026,985). The Company will require additional capital to finance future operations and growth and if the Company is unable to obtain additional financing, it may be unable to continue as a going concern. There can be no assurance that management's plans will be successful.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these exploration and evaluation properties, and establish future profitable production, or realize proceeds from the disposition of exploration and evaluation properties. The carrying value of the Company's exploration and evaluation properties does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Use of estimates and measurement uncertainties**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

#### Valuation of stock options and share purchase warrants

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and share purchase warrants issued for goods or services. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.



**TUDOR GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended December 31, 2019

(Expressed in Canadian dollars)

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**Income taxes**

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, or deferred income tax assets and liabilities.

**Economic recoverability of exploration and evaluation assets**

Management has determined that exploration and evaluation costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

**Changes in accounting policies****IFRS 16 – Leases**

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

The Company's only lease obligation is detailed in Note 10 and, as a result, there was no impact on the financial statements upon adoption of IFRS 16.

**4. RESTRICTED CASH**

The Company has a corporate credit card, with a credit limit of \$50,000 (March 31, 2019 - \$Nil). As collateral for the credit card, the Company has a term deposit of \$57,500 (March 31, 2019 - \$Nil) maturing within the next year.

**TUDOR GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended December 31, 2019

(Expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS**

For the nine months ended December 31, 2019:

|                                       | <b>Mackie<br/>East</b> | <b>Mackie<br/>West</b> | <b>Treaty Creek</b>  | <b>Electrum</b>     | <b>Other</b>        | <b>Total</b>         |
|---------------------------------------|------------------------|------------------------|----------------------|---------------------|---------------------|----------------------|
| <b>ACQUISITION</b>                    |                        |                        |                      |                     |                     |                      |
| <b>Balance, March 31, 2019</b>        | <b>\$ 1,050,000</b>    | <b>\$ 1,000,000</b>    | <b>\$ 1,877,400</b>  | <b>\$ 2,427,400</b> | <b>\$ 872,170</b>   | <b>\$ 7,226,970</b>  |
| Share option payments                 | 75,000                 | 75,000                 | -                    | -                   | 656,250             | 806,250              |
| <b>Balance, December 31, 2019</b>     | <b>\$ 1,125,000</b>    | <b>\$ 1,075,000</b>    | <b>\$ 1,877,400</b>  | <b>\$ 2,427,400</b> | <b>\$ 1,528,420</b> | <b>\$ 8,033,220</b>  |
| <b>EXPLORATION</b>                    |                        |                        |                      |                     |                     |                      |
| <b>Balance, March 31, 2019</b>        | <b>\$ 49,506</b>       | <b>\$ 13,519</b>       | <b>\$ 11,437,253</b> | <b>\$ 1,107,189</b> | <b>\$ 7,461</b>     | <b>\$ 12,614,928</b> |
| <b>Additions:</b>                     |                        |                        |                      |                     |                     |                      |
| Air transportation                    | -                      | -                      | 1,309,575            | -                   | -                   | 1,309,575            |
| Assaying                              | -                      | -                      | 243,620              | -                   | -                   | 243,620              |
| Consulting fees                       | 3,737                  | 244                    | 152,462              | 731                 | 3,287               | 160,461              |
| Drilling                              | -                      | -                      | 1,411,137            | -                   | -                   | 1,411,137            |
| Environmental studies                 | -                      | -                      | -                    | 40,743              | -                   | 40,743               |
| Field costs                           | -                      | -                      | 1,062,753            | -                   | -                   | 1,062,753            |
| First nations consulting              | -                      | -                      | 22,000               | -                   | -                   | 22,000               |
| Geophysics                            | -                      | -                      | 28,960               | -                   | -                   | 28,960               |
| Geology                               | -                      | -                      | 184,856              | 2,675               | 2,500               | 190,031              |
| Road access                           | -                      | -                      | -                    | (39)                | -                   | (39)                 |
| Travel                                | -                      | -                      | 36,654               | -                   | -                   | 36,654               |
| <b>Total additions for the period</b> | <b>3,737</b>           | <b>244</b>             | <b>4,452,017</b>     | <b>44,110</b>       | <b>5,787</b>        | <b>4,505,895</b>     |
| <b>Balance, December 31, 2019</b>     | <b>\$ 53,243</b>       | <b>\$ 13,763</b>       | <b>\$ 15,889,270</b> | <b>\$ 1,151,299</b> | <b>\$ 13,248</b>    | <b>\$ 17,120,823</b> |
| <b>CARRYING VALUE</b>                 |                        |                        |                      |                     |                     |                      |
| March 31, 2019                        | \$ 1,099,506           | \$ 1,013,519           | \$ 13,314,653        | \$ 3,534,589        | \$ 879,631          | \$ 19,841,898        |
| <b>December 31, 2019</b>              | <b>\$ 1,178,243</b>    | <b>\$ 1,088,763</b>    | <b>\$ 17,766,670</b> | <b>\$ 3,578,699</b> | <b>\$ 1,541,668</b> | <b>\$ 25,154,043</b> |

**TUDOR GOLD CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended December 31, 2019

(Expressed in Canadian dollars)

For the year ended March 31, 2019:

|                                | Mackie<br>East      | Mackie<br>West      | Treaty<br>Creek     | Electrum            | Other               | Total               |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ACQUISITION</b>             |                     |                     |                     |                     |                     |                     |
| <b>Balance, March 31, 2018</b> | <b>\$ 1,050,000</b> | <b>\$ 1,000,000</b> | <b>\$ 1,877,400</b> | <b>\$ 2,377,400</b> | <b>\$ 1,094,670</b> | <b>\$ 7,399,470</b> |
| Share option payments          | -                   | -                   | -                   | -                   | 289,000             | 289,000             |
| Cash option payments           | -                   | -                   | -                   | 50,000              | -                   | 50,000              |
| Impairment write-down          | -                   | -                   | -                   | -                   | (511,500)           | (511,500)           |
| <b>Balance, March 31, 2019</b> | <b>\$ 1,050,000</b> | <b>\$ 1,000,000</b> | <b>\$ 1,877,400</b> | <b>\$ 2,427,400</b> | <b>\$ 872,170</b>   | <b>\$ 7,226,970</b> |

**EXPLORATION**

|                                |                  |                  |                      |                     |                  |                      |
|--------------------------------|------------------|------------------|----------------------|---------------------|------------------|----------------------|
| <b>Balance, March 31, 2018</b> | <b>\$ 49,506</b> | <b>\$ 13,519</b> | <b>\$ 7,926,953</b>  | <b>\$ 776,642</b>   | <b>\$ 81,211</b> | <b>\$ 8,847,831</b>  |
| Air transportation             | -                | -                | 960,191              | -                   | 10,125           | 970,316              |
| Assaying                       | -                | -                | 142,309              | 8,349               | -                | 150,658              |
| Consulting fees                | -                | -                | 237,871              | 129,619             | 5,594            | 373,084              |
| Drilling                       | -                | -                | 1,124,155            | -                   | -                | 1,124,155            |
| Environmental studies          | -                | -                | -                    | 66,704              | -                | 66,704               |
| Field costs                    | -                | -                | 680,472              | 12,464              | 1,600            | 694,536              |
| Geophysics                     | -                | -                | -                    | 104,425             | -                | 104,425              |
| Geology                        | -                | -                | 55,806               | 3,828               | 251              | 59,885               |
| Road access                    | -                | -                | -                    | 5,158               | -                | 5,158                |
| Travel                         | -                | -                | 309,496              | -                   | 1,667            | 311,163              |
| Impairment write-down          | -                | -                | -                    | -                   | (92,987)         | (92,987)             |
| <b>Balance, March 31, 2019</b> | <b>\$ 49,506</b> | <b>\$ 13,519</b> | <b>\$ 11,437,253</b> | <b>\$ 1,107,189</b> | <b>\$ 7,461</b>  | <b>\$ 12,614,928</b> |

**CARRYING VALUE**

|                       |                     |                     |                      |                     |                   |                      |
|-----------------------|---------------------|---------------------|----------------------|---------------------|-------------------|----------------------|
| March 31, 2018        | \$ 1,099,506        | \$ 1,013,519        | \$ 9,804,353         | \$ 3,154,042        | \$ 1,175,881      | \$ 16,247,301        |
| <b>March 31, 2019</b> | <b>\$ 1,099,506</b> | <b>\$ 1,013,519</b> | <b>\$ 13,314,653</b> | <b>\$ 3,534,589</b> | <b>\$ 879,631</b> | <b>\$ 19,841,898</b> |

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**Mackie East, Mackie West and Doc claims**

On April 6, 2016, the Company completed a definitive acquisition agreement with Tudor Holdings involving the issuance of 30,000,000 common shares of the Company at a value of \$0.10 per share (issued) (Note 7) in exchange for rights to the Mackie Property located in the Skeena Mining Division of northwestern British Columbia. The 30,000,000 common shares will be subject to an escrow agreement, under which the shares will be released over the next three years. The Mackie Property consists of three main claim groups: Mackie East, Mackie West and the Doc claims.

The Mackie East claims are subject to an option agreement, whereby the Company can acquire a 100% interest in the claims by making property payments totaling \$250,000 over the next three years (\$50,000 paid). The Mackie East claims are subject to a 2.5% net smelter return ("NSR") royalty.

The Mackie West claims are not subject to an underlying option agreement and will be wholly owned on completion of the acquisition agreement. There are no NSR royalties in respect of these claims.

The Doc claims were subject to an option agreement, whereby the Company would acquire a 100% interest in the claims by making property payments totaling \$2,000,000 over the next three years. The option agreement was amended in November 2016, such that the \$50,000 cash payment due in November 2016 was replaced by the issuance of 70,000 common shares of the Company to the optionor (issued with a value of \$38,500). The Doc claims are subject to a 2.5% NSR royalty. During the year ended March 31, 2018, the Company recorded a provision for write-down of \$1,113,738 to a carrying value of \$Nil related to the Doc claims.

In September 2018, the Company entered into an agreement (the "Amending Agreement") with John Bot (the "Optionor") amending certain payment terms of the original option agreement to acquire a 100% interest in the Doc claims. The Amending Agreement provides for the issuance of 150,000 common shares (issued with a value of \$36,000) (Note 8) of the Company in lieu of a cash payment of \$50,000 due on September 15, 2018 as well as an extension of the remaining scheduled payments.

As at March 31, 2019, the Company recorded a provision for write-down of \$47,776 related to the Doc property. During the nine months ended December 31, 2019, the Company terminated its option agreement on the Doc property.

During the nine month period ended December 31, 2019, the Company and Richard Mill mutually have agreed to amend the terms of a purchase and sale agreement dated September 15, 2015 (and assigned to the Company by Tudor Holdings Ltd. under an acquisition agreement dated April 6, 2016) (the "Mill Purchase Agreement").

Under the Mill Purchase Agreement, Mr. Mill agreed to sell a 100% interest in certain mineral claims located in the Skeena Mining Division in the Province of British Columbia (the "Skeena Claims") for an aggregate purchase price of \$250,000. The Company and Mr. Mill entered into an amending agreement, whereby the aggregate consideration required to purchase the Skeena Claims consists of 300,000 common shares (issued), an aggregate sum of \$125,000 (\$100,000 paid) and the transfer by the Company to Mr. Mill of a 100% interest in two mineral claims with the tenure numbers 1039253 and 1040402 owned by the Company. Regulatory approval was received on August 27, 2019.

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**Treaty Creek Property**

On May 10, 2016, the Company entered into a joint venture agreement, under which it acquired a 60% interest in the Treaty Creek Property located in northwestern British Columbia by acquiring a 31% interest from American Creek Resources Ltd. ("American Creek"), which held a 51% stake, and a 29% interest from Teuton Resources Corp. ("Teuton"), which held a 49% interest. The Company acquired the combined 60% interest by issuing 500,000 common shares to each of American Creek and Teuton with a combined value of \$1,260,000 (issued). As part of the agreement, the Company agreed to complete a minimum of \$1,000,000 in exploration expenditures on the Treaty Creek Property during 2016 (completed). Pursuant to the agreement, the Company holds a 60% interest and each of American Creek and Teuton hold a 20% interest. Both American Creek's and Teuton's 20% interests are carried during the exploration period until a production notice is given, at which time they will each be responsible for 20% of the costs under and subject to the terms of the joint venture agreement. The Property is subject to 3% NSR royalties under the terms of the agreement and the Company is designated as operator of the joint venture.

**Electrum Property**

On May 10, 2016, the Company entered into a joint venture agreement, under which it acquired a 60% interest in the Electrum Property located in northwestern British Columbia from American Creek, by issuing 1,000,000 common shares with a value of \$1,260,000 (issued) and paying \$500,000 (paid). As part of the agreement, the Company also acquired 3,125,000 shares of American Creek by investing \$250,000 pursuant to a private placement, at a price of \$0.08 per American Creek share (Note 6). Under the terms of the agreement, the Company is designated as operator of the joint venture.

The Electrum Property comprises eight claims, of which six claims are subject to a 2% NSR royalty which can be purchased at any time for \$1,000,000.

On June 19, 2018 the Company entered into an option agreement to acquire the remaining 40% interest in the Electrum property from American Creek by making option payments of \$50,000 (paid) on signing of the agreement and \$2,650,000 on or before August 15, 2018. During the year ended March 31, 2019 the Company let the option to acquire the remaining 40% interest lapse.

**Eskay North Property**

On May 10, 2016, the Company acquired a 100% interest in a single mining claim in the Skeena Mining Division of northwestern British Columbia, known as the Eskay North Property. As consideration for the claim, the Company issued 750,000 common shares over a twelve-month period (issued with a combined value of \$605,000). The Eskay North Property is subject to a 2.5% NSR royalty payable to the vendor.

**Orion Property**

On June 1, 2016, the Company entered into an option agreement to acquire a 100% interest in the Orion Property located in the Skeena Mining Division of northwestern British Columbia by making option payments totaling \$700,000 (\$200,000 paid) and the issuance of 700,000 common shares over a five-year period (300,000 common shares issued with a value of \$375,000). The Property is subject to a 2.5% NSR royalty. During the year ended March 31, 2019, the Company wrote off its \$556,711 investment in the property.

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In August 2018, the Company reached an agreement with Teuton to replace the original option agreement on the Orion property in which certain payment terms have been amended. Pursuant to the amended payment terms, in order to maintain its option, the Company issued 216,667 common shares valued at \$49,833 on September 28, 2018 (Note 8) and must pay \$50,000 (amended below) and issue 50,000 (amended below) common shares on or before June 1, 2019; must pay \$50,000 and issue 50,000 common shares on or before June 1, 2020 and must pay \$450,000 and issue 250,000 common shares on or before June 1, 2021. One of the terms of the agreement was amended on July 10, 2019, whereby the Company issued 175,000 common shares with five business days of the Company receiving TSXV approval of the amending agreement. All other provisions of the original remain unchanged. Regulatory approval was received on August 27, 2019.

#### **Fairweather, Delta and High North Property Option Agreements**

On May 24, 2016, the Company entered into agreements with Tudor Holdings to assume option agreements on three properties in the Skeena Mining Division of northwestern British Columbia. The Company was granted the right to acquire a 100% interest in the three properties pursuant to the terms of assignment and assumption agreements. The properties are known as the Fairweather Property, the Delta Property, and the High North Property.

During the year ended March 31, 2018, the Company recorded a provision for write-down of \$568,743 to a carrying value of \$Nil related to the Fairweather Property.

During the year ended March 31, 2018, the Company recorded a provision for write-down of \$205,951 to a carrying value of \$Nil related to the Delta Property.

During the year ended March 31, 2018, the Company recorded a provision for write-down of \$202,468 to a carrying value of \$Nil related to the High North Property.

In August 2018, the Company reached an agreement with Teuton to replace the original option agreement on the Fairweather property, the Delta property and the High North property in which certain payment terms have been amended. The amended payment terms are as follows:

- Fairweather property: in order to maintain the option, the Company issued 216,667 common shares valued at \$49,833 on September 28, 2018 (Note 8); and in order to maintain the option, must pay \$60,000 and issue 50,000 common shares on or before December 15, 2018 (not paid); must pay \$70,000 and issue 50,000 common shares on or before December 15, 2019 and must pay \$120,000 and issue 250,000 common shares on or before December 15, 2020.
- Delta property: the Company issued 333,333 common shares valued at \$76,667 on September 28, 2018 (Note 8); and in order to maintain the option, must pay \$100,000 on March 1, 2019 (not paid) and \$600,000 on March 1, 2020.
- High North property: the Company issued 333,333 common shares valued at \$76,667 on September 28, 2018 (Note 8); and in order to maintain the option, must pay \$100,000 on March 1, 2019 (not paid) and \$600,000 on March 1, 2020.

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During the nine month period ended December 31, 2019, the Company reached an agreement with Teuton to amend the revised option agreements on the Fairweather property, the Delta property, the High North property and the Orion property, in which certain payment provisions have been amended. Under the terms of the Amending Agreements to exercise the Options, the Company has agreed to pay an aggregate sum of \$1,890,000 until 2022 and issue an aggregate of 1,375,000 common shares. The following common shares were issued as part of the amended agreement:

- Orion Property: 175,000 shares were issued within five business days of Tudor receiving TSXV approval of the Amending Agreement; all other provisions of the Orion Agreement shall remain unchanged. Discussed above under Orion Property disclosure.
- Fairweather Property: 200,000 shares were issued within five business days of Tudor receiving TSXV approval of the Amending Agreement; all other provisions of the Orion Agreement shall remain unchanged.
- Delta Property: 200,000 shares were issued within five business days of Tudor receiving TSXV approval of the Amending Agreement; \$100,000 to be paid on or before March 1, 2020; \$200,000 to be paid on or before March 1, 2021; and \$300,000 to be paid on or before March 1, 2022.
- High North Property: 200,000 shares were issued within five business days of Tudor receiving TSXV approval of the Amending Agreement; \$100,000 to be paid on or before March 1, 2020; \$200,000 to be paid on or before March 1, 2021; and \$300,000 to be paid on or before March 1, 2022.

Regulatory approval was received on August 27, 2019.

Reclamation Bonds

The Company has paid \$145,600 for reclamation bonds to the Minister of Finance. The bonds are recoverable, subject to the Company meeting the B.C. Ministry of Energy and Mines reclamation requirements.

**6. INVESTMENTS**

Pursuant to the Company's joint venture agreement with American Creek related to the Electrum Property, the Company acquired 3,125,000 shares of American Creek by investing \$250,000 at a price of \$0.08 per American Creek share (Note 5).

|                         | December 31, 2019 |            | March 31, 2019 |            |
|-------------------------|-------------------|------------|----------------|------------|
|                         | Cost              | Fair Value | Cost           | Fair Value |
| <b>American Creek:</b>  |                   |            |                |            |
| 3,125,000 common shares | \$ 250,000        | \$ 281,250 | \$ 250,000     | \$ 125,000 |
|                         | \$ 250,000        | \$ 281,250 | \$ 250,000     | \$ 125,000 |

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During the nine months ended December 31, 2019 the Company recognized a gain of \$156,250 as a fair value adjustment to the investment. The amount of \$156,250 has been recorded under accumulated other comprehensive income.

**7. PROPERTY AND EQUIPMENT**

|                                   | <b>Building</b>  | <b>Land</b>      | <b>Equipment</b>  | <b>Vehicle</b>   | <b>Website</b>   | <b>Total</b>      |
|-----------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
| <b>COSTS</b>                      |                  |                  |                   |                  |                  |                   |
| Balance, March 31, 2018           | \$ 38,750        | \$ 33,750        | \$ 90,481         | \$ 30,000        | \$ 22,103        | \$ 215,084        |
| Additions (Dispositions)          | -                | -                | 21,590            | (16,000)         | 37,862           | 43,452            |
| <b>Balance, March 31, 2019</b>    | <b>38,750</b>    | <b>33,750</b>    | <b>112,071</b>    | <b>14,000</b>    | <b>59,965</b>    | <b>258,536</b>    |
| Additions                         | -                | -                | 26,650            | -                | 1,011            | 27,661            |
| <b>Balance, December 31, 2019</b> | <b>\$ 38,750</b> | <b>\$ 33,750</b> | <b>\$ 138,721</b> | <b>\$ 14,000</b> | <b>\$ 60,976</b> | <b>\$ 286,197</b> |
| <b>ACCUMULATED DEPRECIATION</b>   |                  |                  |                   |                  |                  |                   |
| Balance, March 31, 2018           | \$ 2,875         | \$ -             | \$ 11,310         | \$ 4,859         | \$ 8,619         | \$ 27,663         |
| Depreciation                      | 1,937            | -                | 25,319            | 2,750            | 10,259           | 40,265            |
| Disposition                       | -                | -                | -                 | (3,781)          | -                | (3,781)           |
| <b>Balance, March 31, 2019</b>    | <b>4,812</b>     | <b>-</b>         | <b>36,629</b>     | <b>3,828</b>     | <b>18,878</b>    | <b>64,147</b>     |
| Depreciation                      | 1,453            | -                | 22,680            | 1,312            | 11,338           | 36,783            |
| <b>Balance, December 31, 2019</b> | <b>\$ 6,265</b>  | <b>\$ -</b>      | <b>\$ 59,309</b>  | <b>\$ 5,140</b>  | <b>\$ 30,216</b> | <b>\$ 100,930</b> |
| <b>NET BOOK VALUE</b>             |                  |                  |                   |                  |                  |                   |
| March 31, 2019                    | \$ 33,938        | \$ 33,750        | \$ 75,442         | \$ 10,172        | \$ 41,087        | \$ 194,389        |
| <b>December 31, 2019</b>          | <b>\$ 32,485</b> | <b>\$ 33,750</b> | <b>\$ 79,412</b>  | <b>\$ 8,860</b>  | <b>\$ 30,760</b> | <b>\$ 185,267</b> |

**8. SHAREHOLDERS' EQUITY****Authorized share capital**

Unlimited common shares, without par value.

Unlimited preferred shares issuable in series.



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#### **Share issuances**

*During the year ended March 31, 2019, the Company issued the following common shares:*

On April 16, 2018, the Company closed a non-brokered private placement, consisting of 2,080,000 shares at a price of \$0.40 per share and 2,920,000 units at a price of \$0.40 per unit, for aggregate gross proceeds of \$2,000,000. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.65 per share for a period of two years from the closing. In connection with the offering, the Company paid a cash finder's fee of \$9,115.

On June 11, 2018, the Company issued 2,000,000 common shares, pursuant to the exercise of 2,000,000 warrants for proceeds of \$200,000.

On July 5, 2018, the Company closed a non-brokered private placement, consisting of 1,000,000 units at a price of \$0.35 per unit for aggregate gross proceeds of \$350,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.55 per share for a period of two years from the closing. In connection with the offering, the Company paid a cash finder's fee of \$21,000 and issued 60,000 non-transferable finder's warrants valued at \$9,377, with each finder's warrant exercisable for a common share of the Company at an exercise price of \$0.45 per share for a period of two years. The finders' warrants were valued using the Black-Scholes option pricing model using the following weighted average assumptions: term of 2 years; expected volatility of 86.48%; risk-free rate of 1.26% and expected dividends of Nil.

On July 26, 2018, the Company closed a non-brokered private placement, consisting of 2,857,142 units at a price of \$0.35 per unit for aggregate gross proceeds of \$1,000,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.55 per share for a period of two years from the closing. A value of \$14,286 was attributed to the warrant component of the units.

On September 25, 2018, the Company closed a non-brokered private placement, consisting of 3,191,481 units at a price of \$0.27 per unit for aggregate gross proceeds of \$861,700. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.40 per share for a period of one year from the closing. A value of \$223,404 was attributed to the warrant component of the units.

On September 28, 2018, the Company issued 333,333 common shares valued at \$76,667 related to the High North property; 216,667 common shares valued at \$49,833 related to the Fairweather property; 333,333 common shares valued at \$76,667 related to the Delta property; and 216,667 common shares valued at \$49,833 related to the Orion property (Note 5).

On October 4, 2018, the Company issued 150,000 common shares valued at \$36,000 related to the Doc claims (Note 5).

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On March 19, 2019, the Company closed a non-brokered private placement, consisting of 11,934,200 units at a price of \$0.25 per unit for aggregate gross proceeds of \$2,983,550. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.40 per share for a year from the closing. In connection with the offering, the Company paid cash finder's fees of \$103,395.

In connection with the offerings, the Company incurred other share issuance costs of \$69,948.

*During the nine month period ended December 31, 2019, the Company issued the following common shares:*

On April 4, 2019, the Company issued 3,214,285 common shares of the Company in consideration for the settlement of a total of \$900,000 in accrued liabilities to certain creditors.

On June 7, 2019, the Company closed a non-brokered private placement, consisting of 5,625,000 flow-through units at a price of \$0.32 per unit, for gross proceeds of \$1,800,000 (Note 11) and 1,673,784 non-flow-through units at a price of \$0.30 per unit for gross proceeds of \$502,135. Each flow-through unit consists of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.50 per share for a period of one year from the closing. Each non-flow-through unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.50 per share for a period of one year from the closing. In connection with the offering, the Company paid a cash finder's fee of \$132,800 and issued 222,500 non-transferable finders' warrants. A fair value was estimated to be \$40,864 using the Black-Scholes option pricing model with the following assumptions: term of 2 years; expected volatility of 77.11%; risk-free rate of 1.41%; and expected dividends of Nil. Each finders' warrant entitles the holder to purchase one common share at a price of \$0.32 for a period of two years from closing.

On June 14, 2019, the Company entered into a debt settlement agreement whereby the Company issued 79,365 common shares to settle debt in the amount of \$25,000 to Greenwood Environmental Inc.

On July 18, 2019, the Company completed a non-brokered private placement consisting of 6,666,666 units at a price of \$0.45 per unit, for gross proceeds of \$3,000,000. Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.55 expiring on July 18, 2020.

On September 3, 2019, the Company issued 1,075,000 shares at \$0.75 per shares for a value of \$806,250 pursuant to mineral property option agreement amendments (Note 5).

On December 5, 2019, Company closed a non-brokered private placement consisting of 6,000,000 flow-through common shares at a price of \$0.50 per share for gross proceeds of \$3,000,000. The proceeds from the sale of the flow-through shares will be used to fund exploration on the Company's Treaty Creek Project. In connection with the private placement, the Company paid certain finders a total cash finder's fee of \$190,000 and issued an aggregate of 240,000 non-transferrable finders' warrants. Each finders' warrant entitles the holder to acquire one common share at a price of \$0.50 per share for expiring December 5, 2021. A fair value was estimated to be \$33,628 using the Black-Scholes option pricing model with the following assumptions: term of 2 years; expected volatility of 53.45%; risk-free rate of 1.68%; and expected

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dividends of Nil. All securities issued pursuant to the Offering are subject to a statutory four-month hold period expiring on April 5, 2020.

On December 30, 2019, Company closed a non-brokered private placement consisting of 4,185,714 flow-through common shares at a price of \$0.70 per share for gross proceeds of \$2,929,999. The proceeds from the sale of the flow-through shares will be used to fund exploration on the Company's Treaty Creek Project. In connection with the private placement, the Company paid certain finders a total cash finder's fee of \$29,300. All securities issued pursuant to the private placement are subject to a statutory four-month hold period expiring on April 30, 2020.

Between April 1, 2019 and December 31, 2019 the Company issued 850,000 shares pursuant to the exercise of 850,000 stock options at exercise prices ranging from \$0.10 to \$0.40 per share for gross proceeds of \$115,000. The Company reallocated the fair value of these stock options previously recorded in the amount of \$89,404 from equity reserves to share capital.

Between April 1, 2019 and December 31, 2019 the Company issued 5,098,231 shares pursuant to the exercise of 5,098,231 warrants at exercise prices ranging from \$0.40 to \$0.65 per share for gross proceeds of \$2,162,605. The Company reallocated the fair value of these warrants previously recorded in the amount of \$9,377 from equity reserves to share capital.

**Share subscriptions received in advance**

As at December 31, 2019, the Company had received \$20,000 in subscription proceeds.

**Escrow shares**

As of December 31, 2019, there were Nil common shares held in escrow (March 31, 2019 – 4,586,250).

**Stock options**

The Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSX-V requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

On March 20, 2019, the Company granted 5,450,000 stock options with an exercise price of \$0.30 per share expiring March 20, 2024, with 4,850,000 options vesting immediately, 400,000 options vesting on each of the next four anniversary dates of the grant date and 200,000 options vesting each of the next two anniversary dates of the grant date. The fair value of the stock options was estimated to be \$1,470,301 using the Black-Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 85.01%; risk-free rate of 1.58%; and expected dividends of Nil. A share-based compensation of \$72,503 was recognized during the nine months ended December 31, 2019.

On March 20, 2019, the Company granted 100,000 stock options with an exercise price of \$0.35 per share expiring March 20, 2024. The fair value of the stock options was estimated to be \$26,034 using the Black-

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Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 85.01%; risk-free rate of 1.58%; and expected dividends of Nil.

On April 22, 2019, the Company granted 300,000 stock options with an exercise price of \$0.40 per share expiring April 22, 2024. The fair value of the stock options was estimated to be \$66,972 using the Black-Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 85.08%; risk-free rate of 1.64%; and expected dividends of Nil.

On June 18, 2019, the Company granted 150,000 stock options with an exercise price of \$0.38 per share expiring June 18, 2024, with 37,500 options vesting immediately, 37,500 options vesting every three months. The fair value of the stock options was estimated to be \$39,303 using the Black-Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 84.66%; risk-free rate of 1.33%; and expected dividends of Nil. A share-based compensation of \$36,465 was recognized during the nine months ended December 31, 2019.

On August 2, 2019, the Company granted 700,000 stock options with an exercise price of \$0.67 per share expiring August 2, 2024. The fair value of the stock options was estimated to be \$270,065 using the Black-Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 68.51%; risk-free rate of 1.78%; and expected dividends of Nil.

Changes in stock options for the nine months ended December 31, 2019 and the year ended March 31, 2019 are as follows:

|                        | December 31, 2019       |                | March 31, 2019          |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | Number of stock options | Exercise price | Number of stock options | Exercise price |
| Outstanding, beginning | 9,750,000               | \$ 0.34        | 4,800,000               | \$ 0.15        |
| Granted                | 1,150,000               | \$ 0.58        | 5,550,000               | \$ 0.66        |
| Exercised              | (850,000)               | \$ 0.14        | -                       | \$ -           |
| Expired                | -                       | \$ -           | (600,000)               | \$ 0.33        |
| Cancelled              | (300,000)               | \$ 0.30        | -                       | \$ -           |
| Outstanding, ending    | 9,750,000               | \$ 0.38        | 9,750,000               | \$ 0.34        |
| Exercisable, ending    | 9,212,500               | \$ 0.39        | 9,150,000               | \$ 0.34        |

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Stock options outstanding as at December 31, 2019 are as follows:

| <b>Grant Date</b> | <b>Number of stock options</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|-------------------|--------------------------------|-----------------------|--------------------|
| April 19, 2016    | 1,350,000                      | \$0.10                | April 19, 2026     |
| October 2, 2017   | 600,000                        | \$1.00                | March 15, 2022*    |
| March 15, 2018    | 1,200,000                      | \$0.55                | March 15, 2022*    |
| March 15, 2018    | 300,000                        | \$0.45                | March 15, 2020     |
| March 20, 2019    | 5,150,000                      | \$0.30                | March 20, 2024     |
| March 20, 2019    | 100,000                        | \$0.35                | March 20, 2024     |
| April 22, 2019    | 200,000                        | \$0.40                | April 22, 2024     |
| June 18, 2019     | 150,000                        | \$0.38                | June 18, 2024      |
| August 2, 2019    | 700,000                        | \$0.67                | August 2, 2024     |
|                   | 9,750,000                      |                       |                    |

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\* During the nine month period ended December 31, 2019 the Company extended the expiry of certain stock options previously granted to consultants to the Company from October 2, 2019 and March 15, 2020 to March 15, 2022.

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**Warrants**

Changes in share purchase warrants for the nine months ended December 31, 2019 and the year ended March 31, 2019 are as follows:

|                            | <b>December 31, 2019</b>  |                       | <b>March 31, 2019</b>     |                       |
|----------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
|                            | <b>Number of warrants</b> | <b>Exercise price</b> | <b>Number of warrants</b> | <b>Exercise price</b> |
| Outstanding, beginning     | 22,070,264                | \$ 0.48               | 3,567,441                 | \$ 0.49               |
| Issued                     | 8,282,117                 | \$ 0.52               | 20,502,823                | \$ 0.45               |
| Exercised                  | (5,098,231)               | \$ 0.42               | (2,000,000)               | \$ 0.10               |
| Expired                    | (211,302)                 | \$ 0.40               | -                         | \$ -                  |
| <b>Outstanding, ending</b> | <b>25,042,848</b>         | <b>\$ 0.46</b>        | <b>22,070,264</b>         | <b>\$ 0.48</b>        |

Share purchase warrants outstanding as at December 31, 2019 are as follows:

| <b>Issue Date</b> | <b>Number of warrants</b> | <b>Exercise Price</b> | <b>Expiry Date</b>            |
|-------------------|---------------------------|-----------------------|-------------------------------|
| August 21, 2017   | 1,263,639                 | \$1.00                | August 21, 2020 <sup>A</sup>  |
| October 30, 2017  | 205,000                   | \$1.00                | October 30, 2020 <sup>B</sup> |
| April 16, 2018    | 1,278,750                 | \$0.65                | April 16, 2020                |
| July 5, 2018      | 500,000                   | \$0.55                | July 5, 2020                  |
| July 26, 2018     | 2,857,142                 | \$0.55                | July 26, 2020                 |
| March 19, 2019    | 10,656,200                | \$0.40                | March 19, 2020                |
| June 6, 2019      | 2,812,500                 | \$0.50                | June 6, 2020                  |
| June 6, 2019      | 1,673,784                 | \$0.50                | June 6, 2020                  |
| June 6, 2019      | 222,500                   | \$0.32                | June 6, 2021                  |
| July 18, 2019     | 3,333,333                 | \$0.55                | July 18, 2020                 |
| December 5, 2019  | 240,000                   | \$0.50                | December 5, 2021              |

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25,042,848

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A) During the nine month period ended December 31, 2019 the Company extended the expiry date of certain warrants previously granted from August 21, 2019 to August 21, 2020.

B) During the nine month period ended December 31, 2019 the Company extended the expiry date of certain warrants previously granted from October 30, 2019 to October 30, 2020.

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#### **9. RELATED PARTY TRANSACTIONS**

As at December 31, 2019, a total of \$8,856 (March 31, 2019 - \$74,258) was owing to officers, directors, former directors and companies controlled by directors of the Company and is included in accounts payable and accrued liabilities.

##### **Key management compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the nine months ended December 31, 2019, the Company paid salaries and wages of \$98,000 (2018 - \$Nil) to Aris Morfopoulos, the former Chief Financial Officer of the Company and paid and/or accrued management fees of \$Nil (2018 - \$56,000) to Morfopoulos Consulting Associates Ltd, a company controlled by the Chief Financial Officer of the Company, for management, accounting and administrative services.

The Company paid and/or accrued management, accounting and administrative services, which have been recorded as professional fees, of \$23,416 (2018 - \$Nil) to Cross Davis and Company LLP, a firm of which the Chief Financial Officer, Scott Davis is a partner.

The Company paid and/or accrued consulting fees of \$Nil (2018 - \$90,000) to Ray Marks, the former Executive VP and former director of the Company, for management and supervision of field operations. The Company also paid and/or accrued a total of \$Nil (2018 - \$32,881) to Ray Marks for exploration-related expenditures (labour, logistics, third party costs) incurred on behalf of the Company during the period.

The Company paid and/or accrued consulting fees of \$117,600 (2018 - \$Nil) to Ken Konkin, the exploration manager of the Company, for management and supervision of field operations. The Company also paid and/or accrued a total of \$46,817 (2018 - \$Nil) to Ken Konkin for exploration-related expenditures (labour, logistics, third party costs) incurred on behalf of the Company during the period.

The Company paid and/or accrued fees of \$2,058,467 (2018 - \$Nil) to More Core Drilling Services Ltd. ("More Core"), a company controlled by Sean Pownall, a director of the Company. These fees have been capitalized under exploration and evaluation assets and recorded as drilling expenditures.

During the nine months ended December 31, 2019, the Company accrued salaries and wages of \$90,000 (2018 - \$114,480) to Walter Storm, the Chief Executive Officer of the Company. As at December 31, 2019, \$Nil (March 31, 2019 - \$72,205) is owing to Walter Storm and included in accounts payable.

During the nine months ended December 31, 2019, the Company paid and/or accrued management fees of \$42,000 (2018 - \$36,000) to Tudor Holdings, a company controlled by an officer and director of the Company.

On May 10, 2016, the Company entered into a credit facility agreement with Tudor Holdings for up to \$650,000 for the purpose of funding the acquisition, exploration and development of the Company's

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mineral properties. The credit facility is due to be repaid on May 10, 2020, is unsecured and non-convertible, with an interest rate of 8% per annum. On August 15, 2019, the principal amount of \$650,000 and accrued interest of \$84,498 were repaid in full on this credit facility.

On April 5, 2019, the Company received a short-term loan of \$100,000 from Zoe Storm, a family member of the Chief Executive Officer of the Company. The loan is unsecured, non-interest bearing and due on demand. The loan was repaid in full on July 19, 2019.

**10. LEASE OBLIGATIONS**

On June 16, 2017, the Company entered into a four year finance lease for field equipment. The Company paid \$10,000 plus taxes on signing as its first lease payment and is required to pay \$1,605 per month plus taxes until May 2021. The present value of the total lease obligation was \$85,295 using the financing rate of 3.99%. As at December 31, 2019, \$18,252 (March 31, 2019 - \$18,808) of the lease obligation is due within one year and \$7,392 (March 31, 2019 - \$21,013) is due to be repaid over the remaining term of the lease. During the nine months ended December 31, 2019, the Company recorded a total accretion expense of \$1,281 (2018 - \$704) related to this lease obligation.

**11. FLOW-THROUGH SHARE PREMIUM LIABILITY**

The following is a continuity schedule of the Company's flow-through share premium liability.

|  | Issued on<br>December 5,<br>2019 |
|--|----------------------------------|
| <b>Balance, April 1, 2019</b>                                    | \$ -                             |
| Liability incurred on flow-through shares                        | 120,000                          |
| Settlement of flow-through share liability on incurring expenses | -                                |
| <b>Balance, December 31, 2019</b>                                | <u>\$ 120,000</u>                |

On December 5, 2019, the Company raised \$3,000,000 through the issuance of 6,000,000 flow-through common shares at a price of \$0.50 per share. A flow-through liability of \$120,000 (premium of \$0.02 per share) was recognized on the issuance date. As of December 31, 2019, \$3,000,000 remains to be spent on qualified expenditures.

During the nine months ended December 31, 2019, the Company issued a total of 15,810,714 flow-through common shares for gross proceeds of \$7,729,999 (Note 8). The Company is required to incur eligible Canadian Exploration Expenditures by December 2021.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at December 31, 2019, the Company's financial instruments are comprised of cash, investment, reclamation deposits, accounts payable and accrued liabilities, lease obligations, short-term loans and credit facility. The fair values of these financial instruments approximate their carrying values due to their short-



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term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2019, the fair value of cash and investments (Note 6) held by the Company was based on level 1 of the fair value hierarchy. The fair value of the Company's lease obligations, short-term loans and credit facility approximate the carrying values as the contractual interest rates are comparable to current market interest rates.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2019, the Company had cash of \$5,832,825 to settle current liabilities of \$331,957. All of the Company's current financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

#### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

#### Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's current exposure to interest rate risk is limited to its cash and cash equivalents yielding interest income at varying rates. The Company's interest obligations on its credit facility, loan payable and certain accounts payable balances, are fixed. The Company's current exposure to interest rate risk is insignificant.

#### Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company

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currently has no assets or liabilities and has nominal expenses denominated in a foreign currency, so it is not exposed to any significant foreign currency risk.

Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

**13. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2019, the Company's shareholders' equity was \$31,717,314 and it had current liabilities of \$331,957. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares as well as a loan and a credit facility from related parties. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses. Additional funds may be required to finance the Company's future business opportunities.

The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period ended December 31, 2019.

**14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS****During the nine months ended December 31, 2019**

The Company issued a total 3,293,650 common shares valued at \$1,123,412 to settle debts in the amount of \$925,000, resulting in a loss of \$198,412.

In connection with the June 2019 private placement, the Company issued 222,500 finders' warrants valued at \$40,864 (Note 8).

In connection with the December 5, 2019 private placement, the Company issued 240,000 finders' warrants valued at \$33,628 (Note 8).

The Company issued 1,375,000 common shares pursuant to an agreement with Tueton to amend the revised option agreements on the Fairweather property, the Delta property, the High North property and the Orion property (Note 7).

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**During the nine months ended December 31, 2018**

The Company issued a total of 1,250,000 common shares valued at \$289,000 for the acquisition of exploration and evaluations assets.

In connection with a July 5, 2018 private placement, the Company issued 60,000 finders' warrants valued at \$9,377.

**15. SUBSEQUENT EVENTS**

Subsequent to December 31, 2019, the Company:

- a) Issued 674,000 common shares pursuant to the exercise of 674,000 warrants at \$0.40 per share for gross proceeds of \$269,600 and 40,000 common shares pursuant to the exercise of 40,000 warrants at \$0.50 per share for gross proceeds of \$20,000.
- b) Issued 150,000 common shares pursuant to the exercise of 150,000 options at \$0.10 per share for gross proceeds of \$15,000.
- c) Granted 4,500,000 stock options to directors, officers and consultants at an exercise price of \$0.66 expiring on January 10, 2025.