



TUDOR GOLD CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

MARCH 31, 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tudor Gold Corp.

Opinion

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

August 19, 2020

TUDOR GOLD CORP.
(An Exploration Stage Company)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

| | March 31, 2020 | March 31, 2019 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 6,087,954 | \$ 265,712 |
| Restricted cash (Note 4) | 57,500 | - |
| Amounts receivable | 311,976 | 217,849 |
| Investment (Note 6) | 140,625 | 125,000 |
| Prepays and deposits | 6,000 | 12,573 |
| | <u>6,604,055</u> | <u>621,134</u> |
| Reclamation deposits (Note 5) | 145,600 | 145,600 |
| Exploration and evaluation assets (Note 5) | 25,419,736 | 19,841,898 |
| Exploration advances (Note 5) | 432,254 | - |
| Property and equipment (Note 7) | 171,897 | 194,389 |
| | <u>171,897</u> | <u>194,389</u> |
| Total assets | <u>\$ 32,773,542</u> | <u>\$ 20,803,021</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|---|----------------------|----------------------|
| Current | | |
| Accounts payable and accrued liabilities (Note 9) | \$ 249,055 | \$ 1,575,274 |
| Current portion of lease obligations (Note 10) | 20,137 | 18,808 |
| | <u>269,192</u> | <u>1,594,082</u> |
| Lease obligations (Note 10) | 3,432 | 21,013 |
| Credit facility (Notes 9) | - | 716,033 |
| Flow-through share premium liabilities (Note 11) | 96,539 | - |
| | <u>96,539</u> | <u>-</u> |
| Total liabilities | <u>369,163</u> | <u>2,331,128</u> |
| Shareholders' equity | | |
| Share capital (Note 8) | 40,759,027 | 25,073,362 |
| Equity reserves (Note 8) | 4,059,586 | 2,456,766 |
| Accumulated other comprehensive loss | (15,625) | (31,250) |
| Deficit | (12,398,609) | (9,026,985) |
| | <u>(12,398,609)</u> | <u>(9,026,985)</u> |
| Total shareholders' equity | <u>32,404,379</u> | <u>18,471,893</u> |
| Total liabilities and shareholders' equity | <u>\$ 32,773,542</u> | <u>\$ 20,803,021</u> |

Nature of operations (Note 1)

Basis of presentation (Note 2)

Subsequent events (Note 16)

On behalf of the Board:

"Walter Storm"
Director

"Sean Pownall"
Director

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

TUDOR GOLD CORP.
(An Exploration Stage Company)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| EXPENSES | | |
| Accretion of lease | \$ 4,092 | \$ 1,035 |
| Automobile | 16,750 | 14,633 |
| Consulting fees (Note 9) | 673,381 | 316,281 |
| Depreciation (Note 7) | 50,420 | 40,265 |
| Management fees (Note 9) | 60,000 | 100,000 |
| Office and miscellaneous | 76,557 | 88,201 |
| Professional fees | 232,817 | 125,669 |
| Salaries and wages (Note 9) | 414,100 | 246,597 |
| Shareholder information and promotion | 240,007 | 216,663 |
| Share-based compensation (Note 8) | 1,407,167 | 1,398,586 |
| Transfer agent, listing and filing fees | 72,743 | 30,766 |
| Travel | 111,418 | 34,170 |
| | <u> </u> | <u> </u> |
| Loss from operations | (3,359,452) | (2,612,866) |
| Foreign exchange loss | (788) | (23) |
| Interest expense | (19,465) | (287,575) |
| Interest income | 13,406 | - |
| Loss on disposal of property and equipment | - | (4,719) |
| Loss on settlement of debts (Note 8) | (225,000) | - |
| Recovery of flow-through share premium liabilities (Note 11) | 219,675 | - |
| Write-down of exploration and evaluation assets (Note 5) | - | (604,487) |
| Gain on extinguishment of accounts payable | - | 11,655 |
| | <u> </u> | <u> </u> |
| Net loss for the year | \$ (3,371,624) | \$ (3,498,015) |
| Other comprehensive loss | | |
| Unrealized gain (loss) on investments (Note 6) | 15,625 | (31,250) |
| | <u> </u> | <u> </u> |
| Comprehensive loss for the year | \$ (3,355,999) | \$ (3,529,265) |
| Basic and diluted loss per common share | | |
| | \$ (0.03) | \$ (0.04) |
| Weighted average number of common shares outstanding (basic and diluted) | | |
| | 129,763,337 | 93,171,982 |

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

TUDOR GOLD CORP.

(An Exploration Stage Company)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

| | <u>Share Capital</u> | | Share Subscriptions Received in Advance | Equity Reserves | Accumulated Other Comprehensive Income (Loss) | Deficit | Total |
|--|----------------------|---------------------|--|---------------------|--|------------------------|----------------------|
| | Number of Shares | Amount | | | | | |
| Balance, March 31, 2018 | 81,525,438 | \$17,839,637 | \$ 628,000 | \$ 811,113 | \$ - | \$ (5,528,970) | \$ 13,749,780 |
| Private placements | 23,982,823 | 6,957,560 | (628,000) | 237,690 | - | - | 6,567,250 |
| 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 | - | (212,835) | - | 9,377 | - | - | (203,458) |
| Share-based compensation | - | - | - | 1,398,586 | - | - | 1,398,586 |
| Fair value adjustment on investment | - | - | - | - | (31,250) | - | (31,250) |
| Loss for the year | - | - | - | - | - | (3,498,015) | (3,498,015) |
| Balance, March 31, 2019 | 108,758,261 | 25,073,362 | - | 2,456,766 | (31,250) | (9,026,985) | 18,471,893 |
| Private placements | 24,151,164 | 10,798,802 | - | 433,333 | - | - | 11,232,135 |
| Shares for debts | 3,214,285 | 1,125,000 | - | - | - | - | 1,125,000 |
| Exercise of options | 1,000,000 | 233,421 | - | (103,421) | - | - | 130,000 |
| Exercise of warrants | 8,440,731 | 3,728,511 | - | (224,906) | - | - | 3,503,605 |
| Shares for exploration and evaluation assets | 1,154,365 | 799,000 | - | - | - | - | 799,000 |
| Share issue costs | - | (682,855) | - | 90,647 | - | - | (592,208) |
| Share-based compensation | - | - | - | 1,407,167 | - | - | 1,407,167 |
| Flow-through share premium liabilities | - | (316,214) | - | - | - | - | (316,214) |
| Fair value adjustment on investment | - | - | - | - | 15,625 | - | 15,625 |
| Loss for the year | - | - | - | - | - | (3,371,624) | (3,371,624) |
| Balance, March 31, 2020 | 146,718,806 | \$40,759,027 | \$ - | \$ 4,059,586 | \$ (15,625) | \$ (12,398,609) | \$ 32,404,379 |

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

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

| Years ended March 31, | 2020 | 2019 |
|--|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the year | \$ (3,371,624) | \$ (3,498,015) |
| Accretion on lease obligations | 4,092 | 1,035 |
| Accrued interest expense | 19,465 | 287,575 |
| Depreciation | 50,420 | 40,265 |
| Share-based compensation | 1,407,167 | 1,398,586 |
| Loss on disposal of property and equipment | - | 4,719 |
| Loss on settlement of debts | 225,000 | - |
| Recovery of flow-through share premium liabilities | (219,675) | - |
| Write-down of exploration and evaluation assets | - | 604,487 |
| Gain on extinguishment of accounts payable | - | (11,655) |
| Changes in non-cash working capital items: | | |
| Amounts receivable | (94,127) | 117,012 |
| Prepays and deposits | 6,573 | 8,215 |
| Accounts payable and accrued liabilities | 694,276 | (465,273) |
| Net cash used in operating activities | (1,278,433) | (1,513,049) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Restricted cash | (57,500) | - |
| Exploration and evaluation assets - option payments | - | (50,000) |
| Exploration and evaluation assets - exploration expenses | (5,899,069) | (4,724,834) |
| Exploration advances | (432,254) | - |
| Proceeds from disposal of property and equipment | - | 7,500 |
| Purchase of property and equipment | (27,927) | (59,452) |
| Net cash used in investing activities | (6,416,750) | (4,826,786) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Finance lease payments | (20,609) | (20,607) |
| Proceeds from private placements, net | 10,639,927 | 6,363,792 |
| Proceeds from exercise of options | 130,000 | - |
| Proceeds from exercise of warrants | 3,503,605 | 200,000 |
| Repayment of credit facility | (735,498) | - |
| Proceeds from loans payable | 100,000 | - |
| Repayment of loans | (100,000) | (240,000) |
| Net cash provided by financing activities | 13,517,425 | 6,303,185 |
| Change in cash during the year | 5,822,242 | (36,650) |
| Cash, beginning of year | 265,712 | 302,362 |
| Cash, end of year | \$ 6,087,954 | \$ 265,712 |

Supplemental disclosures with respect to cash flows (Note 14)

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

TUDOR GOLD CORP.

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NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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 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.

As at March 31, 2020, the Company had working capital of \$6,334,863. Management recently completed a private placement financing (Note 16) to provide it with sufficient capital for the next 12 months or longer. The Company has no source of operating cash flows and as such the Company’s ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were authorized for issue by the Audit Committee and Board of Directors on August 19, 2020.

Basis of Measurement

These 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at March 31, 2020 and 2019, the Company did not have any cash equivalents.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of property and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

- | | |
|-----------------------|-----------------------------|
| • Building | 20 years |
| • Website development | 4 years |
| • Vehicles | 8 years |
| • Equipment | 4 years |
| • Land | Not subject to depreciation |

Financial instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

TUDOR GOLD CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

The Company classifies its financial instruments as follows:

| Financial Instrument | Classification |
|---|-----------------------|
| Cash | FVTPL |
| Restricted cash | FVTPL |
| Investment | FVTOCI |
| Amounts receivable | Amortized cost |
| Accounts payables and accrued liabilities | Amortized cost |
| Due to related parties | Amortized cost |

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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For the years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of loss and comprehensive loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of loss and comprehensive loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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(Expressed in Canadian dollars)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables the Company has no material loss allowance as at March 31, 2020 and 2019.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Exploration and evaluation assets

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IFRS 6. The Company capitalizes mineral property interest acquisition costs, which include the cash consideration, option payment under an earn-in arrangement and, the fair value of common shares issued for mineral property interests. The acquisition costs are deferred until the property is placed into development (when commercial viability and technical feasibility are established), sold or abandoned or determined to be impaired. Before moving acquisition costs into property, plant and equipment upon commencement of development stage, the property is first tested for impairment. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company also capitalizes all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditure relates to costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property-by-property basis.

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Provision and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax risk-free interest rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company had no material restoration, rehabilitation and environmental obligations as at March 31, 2020 and 2019.

Foreign exchange

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in the Canadian dollar, which is the Company’s functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

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NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

Flow-through shares

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability. Upon renunciation of the flow through expenditures, the liability component is derecognized in the statement of loss and a deferred income tax liability is recognized for the taxable temporary difference created at the Company's applicable tax rate which is expected to apply in the year the deferred income tax liability will be settled. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss and comprehensive loss.

Leases

IFRS 16, published on January 13, 2016, supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company adopted IFRS 16 effective April 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will continue to report its lease obligations relating to its commitment for equipment lease, in a consistent manner that results in no adjustment to the opening balance of retained earnings.

As at April 1, 2019 IFRS 16 did not have any material impact on the amount recognized in the financial statements, and the Company has no other lease commitment for the year ended March 31, 2020.

Share-based compensation

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

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Share purchase warrants

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

The Company uses the residual value method of accounting for warrants included in a share unit offering. When warrants are attached to common shares issued by the Company as part of a share unit offering, the proceeds from the unit sale are bifurcated first to the common shares at their fair market value on the date of issuance. Any excess in the purchase price of the unit as a whole and the fair market value of the common shares issued on the date of unit sales is attributed to the value of warrants. This fair value is recorded as an increase to equity reserves.

When share purchase warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow.

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Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, basic per share amounts are the same as on a diluted basis as the result would be anti-dilutive.

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.

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 material impact on the financial statements upon adoption of IFRS 16.

4. RESTRICTED CASH

The Company has a term deposit of \$57,500 as collateral for its corporate credit card (2019 - \$Nil) maturing within the next year.

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5. EXPLORATION AND EVALUATION ASSETS

For the year ended March 31, 2020:

| | Mackie East | Mackie West | Treaty Creek | Electrum | Other | Total |
|-------------------------------------|------------------------|------------------------|-------------------------|---------------------|---------------------|----------------------|
| ACQUISITION | | | | | | |
| Balance, March 31, 2019 | \$ 1,050,000 | \$ 1,000,000 | \$ 1,877,400 | \$ 2,427,400 | \$ 872,170 | \$ 7,226,970 |
| Share option payments | 72,000 | 72,000 | - | - | 630,000 | 774,000 |
| Cash option payments | 8,334 | 8,333 | - | - | 8,333 | 25,000 |
| Balance, March 31, 2020 | \$ 1,130,334 | \$ 1,080,333 | \$ 1,877,400 | \$ 2,427,400 | \$ 1,510,503 | \$ 8,025,970 |
| EXPLORATION | | | | | | |
| Balance, March 31, 2019 | \$ 49,506 | \$ 13,519 | \$ 11,437,253 | \$ 1,107,189 | \$ 7,461 | \$ 12,614,928 |
| Additions: | | | | | | |
| Air transportation | - | - | 1,312,030 | - | - | 1,312,030 |
| Assaying | - | - | 245,647 | - | - | 245,647 |
| Consulting fees | 3,737 | 244 | 214,405 | 3,250 | 16,227 | 237,863 |
| Drilling | - | - | 1,439,297 | - | - | 1,439,297 |
| Environmental studies | - | - | - | 40,743 | - | 40,743 |
| Field costs | - | - | 1,122,628 | - | - | 1,122,628 |
| First nations consulting | - | - | 65,000 | - | - | 65,000 |
| Geophysics | - | - | 28,940 | - | - | 28,940 |
| Geology | - | - | 246,700 | 2,675 | 2,500 | 251,875 |
| Road access | - | - | - | (39) | - | (39) |
| Travel | - | - | 32,696 | - | 2,158 | 34,854 |
| Total additions for the year | 3,737 | 244 | 4,707,343 | 46,629 | 20,885 | 4,778,838 |
| Balance, March 31, 2020 | \$ 53,243 | \$ 13,763 | \$ 16,144,596 | \$ 1,153,818 | \$ 28,346 | \$ 17,393,766 |
| CARRYING VALUE | | | | | | |
| March 31, 2019 | \$ 1,099,506 | \$ 1,013,519 | \$ 13,314,653 | \$ 3,534,589 | \$ 879,631 | \$ 19,841,898 |
| March 31, 2020 | \$ 1,183,577 | \$ 1,094,096 | \$ 18,021,996 | \$ 3,581,218 | \$ 1,538,849 | \$ 25,419,736 |

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For the year ended March 31, 2019:

| | Mackie East | Mackie West | Treaty Creek | Electrum | Other | Total |
|-------------------------------------|------------------------|------------------------|-------------------------|---------------------|---------------------|----------------------|
| ACQUISITION | | | | | | |
| Balance, March 31, 2018 | \$ 1,050,000 | \$ 1,000,000 | \$ 1,877,400 | \$ 2,377,400 | \$ 1,094,670 | \$ 7,399,470 |
| Share option payments | - | - | - | - | 289,000 | 289,000 |
| Cash option payments | - | - | - | 50,000 | - | 50,000 |
| Impairment | - | - | - | - | (511,500) | (511,500) |
| Balance, March 31, 2019 | \$ 1,050,000 | \$ 1,000,000 | \$ 1,877,400 | \$ 2,427,400 | \$ 872,170 | \$ 7,226,970 |
| EXPLORATION | | | | | | |
| Balance, March 31, 2018 | \$ 49,506 | \$ 13,519 | \$ 7,926,953 | \$ 776,642 | \$ 81,211 | \$ 8,847,831 |
| Additions: | | | | | | |
| 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 | - | - | - | - | (92,987) | (92,987) |
| Total additions for the year | - | - | 3,510,300 | 330,547 | (73,750) | 3,767,097 |
| Balance, March 31, 2019 | \$ 49,506 | \$ 13,519 | \$ 11,437,253 | \$ 1,107,189 | \$ 7,461 | \$ 12,614,928 |
| CARRYING VALUE | | | | | | |
| March 31, 2018 | \$ 1,099,506 | \$ 1,013,519 | \$ 9,804,353 | \$ 3,154,042 | \$ 1,175,881 | \$ 16,247,301 |
| March 31, 2019 | \$ 1,099,506 | \$ 1,013,519 | \$ 13,314,653 | \$ 3,534,589 | \$ 879,631 | \$ 19,841,898 |

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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 Ltd. involving the issuance of 30,000,000 common shares of the Company at a value of \$0.10 per share (issued in exchange for rights to the Mackie Property located in the Skeena Mining Division of northwestern British Columbia. The 30,000,000 common shares were 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 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 year ended March 31, 2020, the Company terminated its option agreement on the Doc property.

During the year ended March 31, 2020, the Company entered into an agreement 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, the vendor 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 the vendor entered into an amending agreement, whereby the aggregate consideration required to purchase the Skeena Claims consists of 300,000 common shares (issued with a value of \$216,000), an aggregate sum of \$125,000 (paid) and the transfer by the Company to the vendor of a 100% interest in two mineral claims with the tenure numbers 1039253 and 1040402 owned by the Company.

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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.

Subsequent to March 31, 2020, the Company completed the purchase of the remaining 40% interest in the Electrum Property from American Creek. The purchase price paid was \$250,000 cash and 1,400,000 of the Company’s common shares, which are subject to a contractual 8 month hold period expiring February 16, 2021.

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.

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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 investment in the property totaling \$556,711.

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 (issued subsequent to March 31, 2020) and must pay \$450,000 and issue 250,000 common shares on or before June 1, 2021.

The payments due on or before June 1, 2019 was amended on July 10, 2019, whereby the Company issued 175,000 common shares with a value of \$126,000.

Fairweather, Delta and High North Property Option Agreements

On May 24, 2016, the Company entered into agreements with Tudor Holdings Ltd. 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 provision charges to fully impair the Fairweather, Delta and High North properties.

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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 - amended below); must pay \$70,000 and issue 50,000 common shares on or before December 15, 2019 (settled subsequent to March 31, 2020) 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 - amended below) and \$600,000 on March 1, 2020 (amended below).
- 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 - amended below) and \$600,000 on March 1, 2020 (amended below).

During the year ended March 31, 2020, 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 with a value of \$126,000; all other provisions of the Orion Agreement shall remain unchanged. Discussed above under Orion Property disclosure.
- Fairweather Property: 200,000 shares were issued with a value of \$144,000; all other provisions of the Fairweather Agreement shall remain unchanged. This amendment relates to the payments originally due on or before December 15, 2018.
- Delta Property: 200,000 shares were issued with a value of \$144,000; \$100,000 to be paid on or before March 1, 2020 (settled subsequent to March 31, 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 with a value of \$144,000; \$100,000 to be paid on or before March 1, 2020 (settled subsequent to March 31, 2020); \$200,000 to be paid on or before March 1, 2021; and \$300,000 to be paid on or before March 1, 2022.

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Subsequent to March 31, 2020, the Company issued 481,927 common shares as settlement of outstanding debt totalling \$320,000 owing to Teuton incurred in connection with the Company's acquisition of the Orion property, Fairweather property, Delta property and High North property (collectively, the "Properties"), and forms part of the purchase price owing to Teuton pursuant to certain option purchase agreements, as amended from time to time (the "Option Agreements"). Pursuant to the Option Agreements, the Company will acquire a 100% interest in the Properties in consideration of the payment of an additional \$1,570,000 and the issuance of additional 600,000 common shares of the Company over three years. The Settlement Shares are being issued to settle \$320,000 of the \$1,570,000 cash portion of the purchase price for the Properties.

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.

Exploration Advances

As at March 31, 2020, the Company had \$432,254 of exploration advances for future work on the properties.

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).

| | March 31, 2020 | | March 31, 2019 | |
|-------------------------|----------------|------------|----------------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| American Creek: | | | | |
| 3,125,000 common shares | \$ 250,000 | \$ 140,625 | \$ 250,000 | \$ 125,000 |
| | \$ 250,000 | \$ 140,625 | \$ 250,000 | \$ 125,000 |

During the year ended March 31, 2020, the Company recognized a gain of \$15,625 as a fair value adjustment to the investment. The amount of \$15,625 has been recorded under accumulated other comprehensive income.

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7. PROPERTY AND EQUIPMENT

| | Building | Land | Equipment | Vehicle | Website | Total |
|---------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
| COSTS | | | | | | |
| 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 |
| Balance, March 31, 2019 | 38,750 | 33,750 | 112,071 | 14,000 | 59,965 | 258,536 |
| Additions | - | - | 26,916 | - | 1,011 | 27,927 |
| Balance, March 31, 2020 | \$ 38,750 | \$ 33,750 | \$ 138,987 | \$ 14,000 | \$ 60,976 | \$ 286,463 |
| ACCUMULATED DEPRECIATION | | | | | | |
| 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) |
| Balance, March 31, 2019 | 4,812 | - | 36,629 | 3,828 | 18,878 | 64,147 |
| Depreciation | 1,938 | - | 31,614 | 1,750 | 15,118 | 50,420 |
| Balance, March 31, 2020 | \$ 6,750 | \$ - | \$ 68,243 | \$ 5,578 | \$ 33,996 | \$ 114,567 |
| NET BOOK VALUE | | | | | | |
| March 31, 2019 | \$ 33,938 | \$ 33,750 | \$ 75,442 | \$ 10,172 | \$ 41,087 | \$ 194,389 |
| March 31, 2020 | \$ 32,000 | \$ 33,750 | \$ 70,744 | \$ 8,422 | \$ 26,980 | \$ 171,896 |

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

Unlimited common shares, without par value.

Unlimited preferred shares issuable in series.

Share issuances

During the year ended March 31, 2019, the Company:

- a) 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 entitled 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.
- b) Issued 2,000,000 common shares, pursuant to the exercise of 2,000,000 warrants for proceeds of \$200,000.
- c) 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 entitled 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.
- d) 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 entitled 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.
- e) 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.
- f) 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).
- g) Issued 150,000 common shares valued at \$36,000 related to the Doc claims (Note 5).

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- h) 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 year ended March 31, 2020, the Company:

- a) Issued 3,214,285 common shares of the Company at a value of \$1,125,000 resulting in a loss on settlement of \$225,000 in consideration for the settlement of a total of \$900,000 in accrued liabilities to certain creditors.
- b) 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. The fair value of the finders' warrants was estimated to be \$39,134 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.
- c) Issued 79,365 common shares with a value of \$25,000 for consulting services provided.
- d) Closed 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.
- e) Issued 1,075,000 shares with a value of \$774,000 pursuant to mineral property option agreement amendments (Note 5).

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- f) 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 (Note 11). 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. The fair value of the finders' warrants was estimated to be \$51,513 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 dividends of Nil.
- g) 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 \$2,930,000 (Note 11). In connection with the private placement, the Company paid certain finders a total cash finder's fee of \$29,300.

During the year ended March 31, 2020, the Company issued 1,000,000 shares pursuant to the exercise of stock options at exercise prices ranging from \$0.10 to \$0.40 per share for gross proceeds of \$130,000. The Company reallocated the fair value of these stock options previously recorded in the amount of \$103,421 from equity reserves to share capital.

During the year ended March 31, 2020, the Company issued 8,440,731 shares pursuant to the exercise of warrants at exercise prices ranging from \$0.40 to \$0.65 per share for gross proceeds of \$3,503,605. The Company reallocated the fair value of these warrants previously recorded in the amount of \$224,906 from equity reserves to share capital.

Escrow shares

As of March 31, 2020, there were Nil common shares held in escrow (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 \$54,225 was recognized during the year ended March 31, 2020.

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 \$68,775 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 \$39,864 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 year ended March 31, 2020.

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 \$324,010 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.

On January 10, 2020, the Company granted 4,500,000 stock options at an exercise price of \$0.66 expiring on January 10, 2025. The fair value of the stock options was estimated to be \$2,199,081 using the Black-Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 90.66%; risk-free rate of 1.60%; and expected dividends of Nil.

On March 12, 2020, the Company granted 100,000 stock options at an exercise price of \$0.50 expiring on March 12, 2025. The fair value of the stock options was estimated to be \$20,394 using the Black-Scholes option pricing model with the following assumptions: term of 5 years; expected volatility of 86.89%; risk-free rate of 0.49%; and expected dividends of Nil.

During the year ended March 31, 2020, the Company recognized \$1,120,335 (2019 - \$1,398,586) of share-based compensation from vested options.

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Changes in stock options for the year ended March 31, 2020 and 2019 are as follows:

| | March 31, 2020 | | 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 | \$ 0.38 |
| Granted | 5,750,000 | \$ 0.64 | 5,550,000 | \$ 0.35 |
| Exercised | (1,000,000) | \$ 0.13 | (300,000) | \$ 0.10 |
| Expired/Cancelled | (300,000) | \$ 0.30 | (300,000) | \$ 0.55 |
| Outstanding, ending | 14,200,000 | \$ 0.47 | 9,750,000 | \$ 0.34 |
| Exercisable, ending | 9,387,500 | \$ 0.39 | 9,150,000 | \$ 0.34 |

Stock options outstanding as at March 31, 2020 are as follows:

| Grant Date | Number of stock options | Exercise Price | Expiry Date |
|-------------------|--------------------------------|-----------------------|--------------------|
| April 19, 2016 | 1,200,000 | \$0.10 | April 19, 2026 (1) |
| 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, 2021 (2) |
| March 12, 2020 | 100,000 | \$0.50 | March 12, 2023 |
| March 20, 2019 | 5,150,000 | \$0.30 | March 20, 2024 (3) |
| March 20, 2019 | 100,000 | \$0.35 | March 20, 2024 (2) |
| 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 |
| January 10, 2020 | 4,500,000 | \$0.66 | January 10, 2025 |

14,200,000

(1) 50,000 exercised subsequent to March 31, 2020

(2) all exercised subsequent to March 31, 2020

(3) 50,000 exercised subsequent to March 31, 2020

* During the year ended March 31, 2020 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 resulting in recognition of additional share-based compensation totalling \$286,832.

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Warrants

Changes in share purchase warrants for the year ended March 31, 2020 and 2019 are as follows:

| | March 31, 2020 | | March 31, 2019 | |
|------------------------|--------------------|----------------|--------------------|----------------|
| | Number of warrants | Exercise price | Number of warrants | Exercise price |
| Outstanding, beginning | 22,070,264 | \$ 0.48 | 3,567,441 | \$ 0.49 |
| Issued | 8,282,117 | \$ 0.52 | 20,502,823 | \$ 0.45 |
| Exercised | (8,440,731) | \$ 0.42 | (2,000,000) | \$ 0.10 |
| Expired | (7,565,002) | \$ 0.41 | - | \$ - |
| Outstanding, ending | 14,346,648 | \$ 0.59 | 22,070,264 | \$ 0.48 |

Share purchase warrants outstanding as at March 31, 2020 are as follows:

| Issue Date | Number of warrants | Exercise Price | Expiry Date |
|------------------|--------------------|----------------|---------------------|
| April 16, 2018 | 1,278,750 | \$0.65 | April 16, 2021 (1) |
| June 6, 2019 | 4,446,284 | \$0.50 | June 6, 2020 (2) |
| July 5, 2018 | 500,000 | \$0.55 | July 5, 2020 (2) |
| July 18, 2019 | 3,333,333 | \$0.55 | July 18, 2020 (2) |
| July 26, 2018 | 2,857,142 | \$0.55 | July 26, 2020 (2) |
| August 21, 2017 | 1,263,639 | \$1.00 | August 21, 2020 (3) |
| October 30, 2017 | 205,000 | \$1.00 | October 30, 2020 |
| June 6, 2019 | 222,500 | \$0.32 | June 6, 2021 (2) |
| December 5, 2019 | 240,000 | \$0.50 | December 5, 2021 |
| | 14,346,648 | | |

(1) 206,875 exercised subsequent to March 31, 2020

(2) all exercised subsequent to March 31, 2020

(3) 1,081,889 exercised subsequent to March 31, 2020

- A) During the year ended March 31, 2020 the Company extended the expiry date of certain warrants previously granted from August 21, 2019 to August 21, 2020.
B) During the year ended March 31, 2020 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 March 31, 2020, a total of \$76,110 (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 year ended March 31, 2020, the Company paid salaries and wages of \$98,000 (2019 - \$40,000) to Aris Morfopoulos, the former Chief Financial Officer of the Company and paid and/or accrued management fees of \$Nil (2019 - \$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 \$44,238 (2019 - \$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 (2019 - \$97,500) 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 (2019 - \$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 or accrued consulting fees of \$Nil (2019 - \$980) for geological consulting work to Burton Consulting Inc., a company owned by Alexander Burton, a director of the Company.

The Company paid and/or accrued consulting fees of \$167,200 (2019 - \$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 \$30,896 (2019 - \$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 \$2,092,283 (2019 - \$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 and field cost expenditures.

During the year ended March 31, 2020, the Company accrued salaries and wages of \$120,000 (2019 - \$120,000) to Walter Storm, the Chief Executive Officer of the Company.

During the year ended March 31, 2020, the Company paid and/or accrued management fees of \$60,000 (2019 - \$44,000) to Tudor Holdings, a company controlled by an officer and director of the Company.

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During the year ended March 31, 2020, the Company issued 2,678,571 common shares in consideration for the settlement of a total of \$750,000 in accrued liabilities to More Core, a company controlled by Sean Pownall, a 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 mineral properties. The credit facility was 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.

During the year ended March 31, 2020, the Company granted stock options to various officers and directors of the Company and recognized share-based compensation expense of \$984,607 (2019 - \$1,092,609).

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 March 31, 2020, \$20,137 (2019 - \$18,808) of the lease obligation is due within one year and \$3,432 (2019 - \$21,013) is due to be repaid over the remaining term of the lease. During the year ended March 31, 2020, the Company recorded a total accretion expense of \$4,092 (2019 - \$1,035) 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 June 6, 2019 | Issued on December 5, 2019 | Issued on December 27, 2019 | Total |
|--|---------------------------|----------------------------------|-----------------------------------|-----------|
| Balance, April 1, 2019 | \$ - | \$ - | \$ - | \$ - |
| Liabilities incurred on flow-through shares | 112,500 | 120,000 | 83,714 | 316,214 |
| Settlement of flow-through share liability on incurring expenses | (112,500) | (107,175) | - | (219,675) |
| Balance, March 31, 2020 | \$ - | \$ 12,825 | \$ 83,714 | \$96,539 |

On June 6, 2019, the Company raised \$1,800,000 through the issuance of 5,625,000 flow-through common shares at a price of \$0.32 per share. A flow-through liability of \$112,500 was recognized on the issuance date. As of March 31, 2020, \$nil remains to be spent on qualified expenditures.

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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 was recognized on the issuance date. As of March 31, 2020, \$170,220 remains to be spent on qualified expenditures.

On December 30, 2019, the Company raised \$2,930,000 through the issuance of 4,185,714 flow-through common shares at a price of \$0.70 per share. A flow-through liability of \$83,714 was recognized on the issuance date. As of March 31, 2020, \$2,930,000 remains to be spent on qualified expenditures.

During the year ended March 31, 2020, the Company issued a total of 15,810,714 flow-through common shares for gross proceeds of \$7,730,000 (Note 8). The Company is required to incur eligible Canadian Exploration Expenditures by December 2021.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2020, the Company's financial instruments are comprised of cash, amounts receivable, investment, reclamation deposits, accounts payable and accrued liabilities and lease obligations. The fair values of these financial instruments approximate their carrying values due to their short-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 March 31, 2020, 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 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 March 31, 2020, the Company had cash of \$6,087,954 to settle current liabilities of \$269,192. 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 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 March 31, 2020, the Company's shareholders' equity was \$32,404,379. 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. 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 year ended March 31, 2020.

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14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended March 31, 2020

The Company issued a total 3,293,650 common shares valued at \$1,150,000 to settle debts in the amount of \$925,000, resulting in a loss of \$225,000.

In connection with the June 2019 private placement, the Company issued 222,500 finders' warrants valued at \$39,134 (Note 8).

In connection with the December 5, 2019 private placement, the Company issued 240,000 finders' warrants valued at \$51,513 (Note 8).

The Company issued 1,075,000 common shares pursuant to 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 valued at \$774,000 (Note 7).

During the year ended March 31, 2019

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. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| Years ended March 31, | 2020 | 2019 |
|--|----------------|----------------|
| Loss for the year | \$ (3,371,624) | \$ (3,498,015) |
| Expected income tax recovery | (910,000) | (944,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | (68,000) | - |
| Permanent differences and other | 319,000 | 359,000 |
| Impact of flow-through shares | 1,247,000 | - |
| Share issue costs | (160,000) | (55,000) |
| Adjustment to prior year estimates | 204,000 | - |
| Change in unrecognized deductible temporary differences | (632,000) | 640,000 |
| Total income tax recovery | \$ - | \$ - |

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

| | March 31, 2020 | March 31, 2019 |
|---|-----------------------|---------------------|
| Deferred tax assets | | |
| Non-capital losses available for future periods | \$ 820,000 | \$ 1,177,000 |
| Property and equipment | 18,000 | - |
| Share issue costs | 206,000 | 120,000 |
| Exploration and evaluation assets | - | 377,000 |
| Investments | 15,000 | 17,000 |
| Unrecognized deferred tax assets | \$ 1,059,000 | \$ 1,691,000 |

The Company's non-capital losses expire as follows:

| | 2020 | Expiry Date Range | 2019 | Expiry Date Range |
|---|------------------|----------------------|--------------|----------------------|
| Temporary Differences | | | | |
| Exploration and evaluation assets | \$ - | No expiry date | \$ 1,397,000 | No expiry date |
| Investment tax credit | 78,000 | 2021 to 2040 | - | - |
| Property and equipment | 65,000 | No expiry date | (30,000) | No expiry date |
| Share issue costs | 763,000 | 2040 to 2044 | 444,000 | 2040 to 2043 |
| Investments | 109,000 | No expiry date | 125,000 | No expiry date |
| Non-capital losses available for future periods | 2,827,000 | 2026 to 2039 | 4,390,000 | 2030 to 2039 |

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balance have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

16. SUBSEQUENT EVENTS

Subsequent to March 31, 2020, the Company:

- a) Closed a non-brokered private placement consisting of 6,652,700 flow-through common shares at a price of \$1.40 per share for gross proceeds of \$9,313,780.
- b) Granted 350,000 stock options with an exercise price of \$1.14 per share expiring June 11, 2025.
- c) Issued 12,648,023 shares on the exercise of warrants for proceeds of \$7,190,461.
- d) Issued 500,000 shares on the exercise of stock options for proceeds of \$190,000.