

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2014

(Expressed in Canadian Dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW

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 interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Newmarket Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars – Unaudited)

	Notes	March 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 3,154,588	$ 3,654,200
Trade and other receivables		41,054	17,782
Prepaid expenses		18,325	12,180
		3,213,967	3,684,162
Non-current			
Exploration and evaluation assets	5	623,956	464,291
Other long term assets	5	39,706	-
		$ 3,877,629	$ 4,148,453
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		$ 236,012	$ 55,008
Shareholders' equity			
Share capital	6	$ 6,419,830	$ 6,419,830
Share-based payments reserve		301,311	195,460
Warrants reserve		687,496	687,496
Accumulated deficit		(3,767,020)	(3,209,341)
		$ 3,641,617	$ 4,093,445
		$ 3,877,629	$ 4,148,453

On behalf of the Board:

"Edward Farrauto" Director *"Douglas B. Forster"* Director

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

Newmarket Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars – Unaudited)

	Notes	For the Three Months Ended March 31, 2014	March 31, 2013
EXPENSES			
Accounting and audit fees		$ 5,941	$ 4,800
Bank and interest charges		142	-
Consultants		92,500	22,500
Fees - chairman		5,635	-
Insurance		3,855	-
Legal		24,090	5,361
Marketing		2,579	-
Office		990	61
Rent		15,000	-
Salaries and benefits		59,955	-
Shareholder relations		140	1,454
Share-based compensation		105,851	-
Trade show and conferences		26,015	-
Transfer agent and regulatory fees		9,675	3,296
Travel		2,099	-
		(354,467)	(37,472)
OTHER INCOME (EXPENSE)			
Project review and due diligence		(207,427)	-
Interest income		4,215	1,133
		(203,212)	1,133
Net Loss and Comprehensive Loss for the Period		$ (557,679)	$ (36,339)
Net Loss per Share – Basic and Diluted		$ (0.01)	$ (0.00)
Weighted Average Number of Shares Outstanding		51,590,374	26,857,040

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

Newmarket Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars – Unaudited)

	Common shares					
	Number	Amount	Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
Balance – January 1, 2013	26,857,040	$ 3,454,125	$ 146,798	$ -	$ (2,688,694)	$ 912,229
Net loss for the period	-	-	-	-	(36,339)	(36,339)
Balance – March 31, 2013	26,857,040	$ 3,454,125	$ 146,798	$ -	$ (2,725,033)	$ 875,890
Balance – January 1, 2014	51,590,374	$ 6,419,830	$ 195,460	$ 687,496	$ (3,209,341)	$ 4,093,445
Share-based compensation (Note 6)	-	-	105,851	-	-	105,851
Net loss for the period	-	-	-	-	(557,679)	(557,679)
Balance – March 31, 2014	51,590,374	$ 6,419,830	$ 301,311	$ 687,496	$ (3,767,020)	$ 3,641,617

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

Newmarket Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Expressed in Canadian Dollars – Unaudited)

	Notes	For The Three Months Ended March 31, 2014	March 31, 2013
CASH PROVIDED BY (USED IN):			
Operating Activities			
Net loss for the period		$ (557,679)	$ (36,339)
Non-cash item:			
Share-based compensation		105,851	-
Changes in non-cash working capital:			
Trade and other receivables		(23,272)	(2,898)
Prepaid expenses		(6,145)	-
Trade and other payables		181,790	(13,223)
Decrease in Cash and Cash Equivalents from Operating		(299,455)	(52,460)
Investing Activities			
Other long term assets		(39,706)	-
Exploration and evaluation expenditures		(160,451)	-
Decrease in Cash and Cash Equivalents from Investing		(200,157)	-
Financing Activities			
Shares issued for cash, net of share issuance costs		-	-
Increase in Cash and Cash Equivalents from Financing		-	-
Decrease in Cash and Cash Equivalents		(499,612)	(52,460)
Cash and Cash Equivalents – Beginning of Period		3,654,200	927,029
Cash and Cash Equivalents – End of Period		$ 3,154,588	$ 874,569
Supplemental Disclosure of Non-Cash Investing Activities			
Exploration and evaluation costs included in accounts payable		$ 605	$ -

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

1. NATURE OF OPERATIONS

Newmarket Gold Inc. *(formerly Raystar Capital Ltd.)* (*an Exploration Stage Company*) ("Newmarket" or the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on May 27, 1998. The address of the Company is Suite 3244 – 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1L3. The Company's common shares are currently listed on the TSX Venture Exchange (TSX-V: NGN) in Canada.

In October 2013, the Company completed the purchase of a 100% interest in the Point Leamington Au-Zn-Ag-Cu-Pb massive sulphide deposit located in north-central Newfoundland, Canada from Calibre Mining Corp. (TSX-V: CXB) pursuant to the terms of a Purchase and Sale Agreement dated June 20, 2013. The details of the purchase of Point Leamington Project are discussed in Note 5. The purchase of this project formed the basis for the Company's reactivation from the NEX Board of the TSX Venture Exchange to Tier 2 on the TSX Venture Exchange.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2013.

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the period ended December 31, 2013, except as noted below. These condensed interim consolidated financial statements were approved by the Board of Directors on May 21, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments and interpretations adopted by the Company for the first time on January 1, 2014

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB. The following new standards applicable to the Company were adopted in these condensed interim consolidated financial statements effective January 1, 2014:

a) International Accounting Standards 36, *Impairment of Assets* ("IAS 36") was amended in May 2013 to make small changes to the disclosures required by IAS 36 when an impairment loss is recognized or reversed. The amendments require the disclosure of the recoverable amount of an asset or cash generating unit ("CGU") at the time an impairment loss has been recognized or reversed and detailed disclosure of how the associated fair value less costs of disposal has been determined. The amendments are effective for accounting periods beginning on or after January 1, 2014. The Company has concluded there was no significant impact of adopting this standard.

b) International Financial Reporting Interpretations Committee 21, *Levies* ("IFRIC 21") is an interpretation on the accounting for levies. IFRIC 21 will affect entities that are subject to levies that are not income taxes within the scope of International Accounting Standards 12, *Income Taxes*. IFRIC is effective for annual periods beginning on or after January 1, 2014. The Company has concluded there was no significant impact of adopting this standard.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee and are mandatory for future periods only and as such have not been applied to these condensed interim consolidated financial statements. The Company has no plans for early adoption of the following pronouncement and has not yet completed the process of assessing the impact that these standards will have on its consolidated financial statements.

a) IFRS 9, *Financial Instruments* ("IFRS 9") is part of the IASB's wider project to replace IAS 39: *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurements categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015.

4. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal interests.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- To obtain the necessary financing to complete exploration and development of its properties as required.

In the management of capital, the Company includes shareholders' equity and cash in the definition of capital. The Company is not exposed to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets, especially with respect to exploration results on properties in which the Company has an interest.

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In addition, the Company may issue new equity, incur additional debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at a major Canadian banking institution to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

5. EXPLORATION AND EVALUATION ASSETS

Details of the Company's expenditures on exploration and evaluation assets for the three months ended March 31, 2014 are as follows:

	Three Months Ended March 31, 2014	Year Ended December 31, 2013
Point Leamington, Canada		
Cost, beginning of period	$ 464,291	$ -
Acquisition – cash payment	-	250,000
Acquisition – share issuance	-	120,000
Acquisition – legal and regulatory fees	-	90,326
Camp and supplies	7,664	-
Drilling	67,860	-
Equipment rental	4,603	-
Geological consulting	61,851	3,965
Travel and transportation	17,687	-
Total expenditures during the period	159,665	464,291
Cost, end of period	$ 623,956	$ 464,291

Point Leamington, Newfoundland, Canada

In October 2013, the Company completed the purchase of a 100% interest in the Point Leamington Au-Zn-Ag-Cu-Pb massive sulphide deposit (the "Project"), which consists of a 263 hectare mining lease, located in north-central Newfoundland, Canada from Calibre Mining Corp. ("Calibre"). The mining lease is subject to a 2% net smelter return royalty, which is held by a third party.

As consideration for the Project, the Company issued 1,000,000 of its common shares and paid $250,000 to Calibre on closing. Calibre retains a 0.5% net smelter return royalty on production from the Project, which can be purchased by the Company at any time for $1,000,000. Calibre is considered a related party to the Company, as there is an officer and certain directors in common.

As at March 31, 2014, the Company advanced a geological and exploration consultant, charged with overseeing the Company's preliminary exploration program at Point Leamington, a total of $39,706 (December 31, 2014 - $Nil). The advance is classified as a long term asset and will be applied against further exploration expenses at Point Leamington during 2014.

6. SHARE CAPITAL

Authorized

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

6. SHARE CAPITAL - *continued*

Stock Options

The Company has a stock option plan (the "Plan"), whereby the Company has reserved a number of common shares for issuance pursuant to the exercise of stock options. On May 15, 2012, the shareholders of the Company approved 5,371,408 number of common shares are to be reserved for issuance under the Plan. The Plan is administered by the Compensation Committee of the Company's Board. Options granted under the Plan will be exercisable at a price not less than the market value of the Company's common shares on the date of grant and granted for a term not to exceed five years from the date of grant. Any options granted under the Plan shall vest based on a periodic vesting schedule as determined by the Compensation Committee. In general, options have been granted to vest 25% immediately and 25% at each six month interval after the date of grant until fully vested.

A summary of the status of the Company's stock options as at March 31, 2014 and changes during the three months ended March 31, 2014 is presented below:

	Options	Weighted Average Exercise Price
Balance, beginning of period	2,300,000	$ 0.24
Options granted	600,000	0.38
Balance, end of period	2,900,000	$ 0.27

During the three months ended March 31, 2014, the Company granted 600,000 stock options to individuals working in an advisory capacity with the Company at an exercise price of $0.38 per share, with an expiry date of five years and vesting terms over an 18 month period. Subsequent to March 31, 2014, the Company granted an additional 300,000 stock options to the newly appointed Chairman of the Company at an exercise price of $0.33 per share for a period of five years and with vesting terms over an 18 month period.

As at March 31, 2014, stock options exercisable and outstanding are as follows:

	Options Outstanding		Options Exercisable	
Exercise Price	Number	Weighted Average Remaining Contractual Life (yrs.)	Number	Weighted Average Remaining Contractual Life (yrs.)
$0.20	2,000,000	4.52	500,000	4.52
$0.38	600,000	4.84	150,000	4.84
$0.47	300,000	1.92	300,000	1.92
	2,900,000	4.31	950,000	3.74

6. SHARE CAPITAL - *continued*

Stock-based Compensation

The Company amortizes the total fair value of options granted over each option's vesting schedule. Consequently, the total compensation expense recognized for options granted during the three months ended March 31, 2014 or prior periods was $105,851 (2013 - $Nil).

The fair value of the options granted during the three months ended March 31, 2014 has been estimated at the date of grant using the following Black-Scholes option pricing assumptions:

	Three Months Ended March 31, 2014
Weighted average risk-free interest rate	1.33%
Weighted average expected option life	5 years
Weighted average expected stock volatility	100%
Weighted average forfeiture rate	0%
Weighted average expected dividend yield	Nil

The weighted average fair value on the grant date of options granted during the three months ended March 31, 2014 was $0.28.

Warrants

There were no warrants issued, expired, or forfeited during the three months ended March 31, 2014. As at March 31, 2014 and December 31, 2013, the Company had 23,333,334 warrants outstanding and exercisable at a price of $0.30 and expiring on October 4, 2015.

7. RELATED PARTY TRANSACTIONS

Key management personnel and compensation

Key management personnel of the Company are members of the Board of Directors, as well as the President and CEO, the CFO and Corporate Secretary, and the Vice-President. Key management compensation includes salaries and benefits and various consulting fees as follows:

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Salaries and wages [(i)]	$ 56,250	$ -
Share-based payments [(ii)]	$ -	$ -
Fees - chairman	$ 5,635	$ -
Rent paid to a company with directors in common	$ 15,000	$ -
Consulting and advisory fees paid to key management personnel	$ 86,500	$ 21,000

(i) Salaries, wages, and benefits paid to key management personnel.

(ii) Share-based payments are the fair value of options granted to key management personnel and consultants as at the grant date, which is being amortized over the vesting period.

7. RELATED PARTY TRANSACTIONS - *continued*

As at December 31, 2013, included in accounts payable and accrued liabilities are $18,750 (March 31, 2014 - $Nil) payable to related parties for salaries and wages owing under employee agreements. The amounts owed to related parties are unsecured, non-interest bearing, and will be settled in cash.

All of the above transactions were incurred in the normal course of operations and are recorded at the amount agreed upon by the related parties.

8. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties with these properties being located in Canada.