

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2015 and 2014

(Expressed in Canadian Dollars - Unaudited)

Newmarket Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars – Unaudited)

	Notes	March 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 1,503,627	$ 2,099,947
Trade and other receivables		16,569	12,848
Prepaid expenses		15,638	31,328
		1,535,834	2,144,123
Non-current			
Exploration and evaluation assets	5	714,221	714,221
		$ 2,250,055	$ 2,858,344
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		$ 279,744	$ 345,853
Shareholders' equity			
Share capital	6	$ 6,419,830	$ 6,419,830
Share-based payments reserve		505,482	481,186
Warrants reserve		687,496	687,496
Accumulated deficit		(5,642,497)	(5,076,021)
		$ 1,970,311	$ 2,512,491
		$ 2,250,055	$ 2,858,344

Subsequent Event – Note 9

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, 2015	March 31, 2014
EXPENSES			
Accounting and audit fees		$ 16,060	$ 5,941
Bank and interest charges		339	142
Consultants		101,500	92,500
Consulting fees - chairman		37,476	5,635
Insurance		3,840	3,855
Legal		939	24,090
Marketing		2,366	2,579
Office		1,933	990
Project review and due diligence		246,232	207,427
Rent		15,000	15,000
Salaries and benefits		66,096	59,955
Shareholder relations		163	140
Share-based compensation		24,296	105,851
Trade show and conferences		775	26,015
Transfer agent and regulatory fees		8,079	9,675
Travel		43,125	2,099
		(568,219)	(561,894)
OTHER INCOME (EXPENSE)			
Interest income		1,743	4,215
Net Loss and Comprehensive Loss for the Period		$ (566,476)	$ (557,679)
Net Loss per Share – Basic and Diluted		$ (0.01)	$ (0.01)
Weighted Average Number of Shares Outstanding		51,590,374	51,590,374

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 CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MARCH 31, 2015 AND 2014

(Expressed in Canadian Dollars – Unaudited)

	Common shares					
	Number	Amount	Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
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
Balance – January 1, 2015	51,590,374	$ 6,419,830	$ 481,186	$ 687,496	$ (5,076,021)	$ 2,512,491
Share-based compensation (Note 6)	-	-	24,296	-	-	24,296
Net loss for the period	-	-	-	-	(566,476)	(566,476)
Balance – March 31, 2015	51,590,374	$ 6,419,830	$ 505,482	$ 687,496	$ (5,642,497)	$ 1,970,311

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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, 2015	March 31, 2014
CASH PROVIDED BY (USED IN):			
Operating Activities			
Net loss for the period		$ (566,476)	$ (557,679)
Non-cash item:			
Share-based compensation		24,296	105,851
Changes in non-cash working capital:			
Trade and other receivables		(3,721)	(23,272)
Prepaid expenses		15,690	(6,145)
Trade and other payables		(65,614)	181,790
Decrease in Cash and Cash Equivalents from Operating		(595,825)	(299,455)
Investing Activities			
Other long term assets		-	(39,706)
Exploration and evaluation expenditures		(495)	(160,451)
Decrease in Cash and Cash Equivalents from Investing		(495)	(200,157)
Decrease in Cash and Cash Equivalents		(596,320)	(499,612)
Cash and Cash Equivalents – Beginning of Period		2,099,947	3,654,200
Cash and Cash Equivalents – End of Period		$ 1,503,627	$ 3,154,588
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 consolidated interim financial statements.

1. NATURE OF OPERATIONS

Newmarket Gold Inc. (*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.

The Company engages principally in the acquisition, advancement and development of precious and base metal assets and mineral properties. As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations, to continue its pursuit of acquiring quality assets and to continue its exploration and development of its current mineral properties is dependent upon its ability to continue to raise adequate financing. Historically, operating capital and exploration requirements have been funded primarily from equity financing. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly. The recovery of the Company's investment in resource properties and the attainment of profitable operations are dependent upon the discovery and development of economic precious and base metal reserves and the ability to arrange sufficient financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

In October 2013, the Company completed the purchase of a 100% interest in the Point Leamington Gold-Zinc-Silver-Copper-Lead 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.

Subsequent to March 31, 2015, the Company entered into a definitive arrangement agreement with Crocodile Gold Corp. to combine entities. The details of the agreement are discussed in Note 9.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

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, 2014, except as noted below. 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, 2014, which have been prepared in accordance with IFRS as issued by the IASB. These condensed interim consolidated financial statements were authorized for issue by the Audit Committee on May 28, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

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 consolidated financial statements. The Company has no plans for early adoption of the following pronouncement.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Standards, amendments and interpretations not yet effective - *continued*

- In July 2014, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9"). The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the standard, replaces earlier versions of IFRS 9 and substantially completes the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement*.

  This standard replaces the current multiple classification and measurement models for financial assets liabilities with a single mode that has only three classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flows characteristics of the financial asset or liability. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses. The new standard also introduces a substantially – reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

- In May 2014, the IASB issued IRFS 15: *Revenue from Contracts with Customers*, which replaces IAS 18: *Revenues* and covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

- In May 2014, the IASB issued amendments to IAS 16: *Property, Plant, and Equipment* and IAS 38: *Intangibles*, prohibiting the use of revenue-based deprecation for property, plant and equipment and significantly limiting the use of revenue – based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

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.

4. CAPITAL MANAGEMENT - *continued*

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, 2015 and 2014, and for the year ended December 31, 2014 are as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Year Ended December 31, 2014
Point Leamington, Canada			
Cost, beginning of period	$ 714,221	$ 464,291	$ 464,291
Analysis	-	-	48,439
Camp and supplies	-	7,664	7,664
Drilling	-	67,860	67,860
Equipment rental	-	4,603	6,193
Geological consulting	-	61,851	81,054
Property maintenance	-	-	21,033
Travel and transportation	-	17,687	17,687
Total expenditures during the period	-	159,665	249,930
Cost, end of period	$ 714,221	$ 623,956	$ 714,221

Point Leamington, Newfoundland, Canada

In October 2013, the Company completed the purchase of a 100% interest in the Point Leamington Gold-Zinc-Silver-Copper-Lead massive sulphide deposit (the "Project"), which consists of a 263 hectare mining lease, located in north-central Newfoundland, Canada.

As consideration for the Project, the Company issued 1,000,000 of its common shares and paid $250,000 on closing. The vendor 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.

In addition to the above, the mining lease is also subject to a separate 2% net smelter return royalty, which is held by a third party.

6. SHARE CAPITAL

Authorized

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

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 July 4, 2014, the shareholders of the Company approved 10,000,000 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.

During the three months ended March 31, 2015, the Company has not granted any new options, in addition, no options were exercised, forfeited, or expired since the Company's most recently completed fiscal year end. As at March 31, 2015, 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	3.52	1,500,000	3.52
$0.33	300,000	4.02	150,000	4.02
$0.38	600,000	3.84	450,000	3.84
$0.47	300,000	0.92	300,000	0.92
	3,200,000	3.38	2,400,000	3.28

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, 2015 or prior periods was $24,296 (2014 - $105,851).

The Company did not grant any options during the three months ended March 31, 2015. The weighted average fair value on the grant date of options granted during the three months ended March 31, 2014 was $0.28. The fair value of the options granted in 2014 was determined using the Black-Scholes pricing model with a risk-free rate of 1.33%, volatility factor of 100%, and an expected life of five years.

Warrants

There were no warrants issued, expired, or forfeited during the three months ended March 31, 2015. As at March 31, 2015 and December 31, 2014, 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, 2015	Three Months Ended March 31, 2014
Salaries and wages [(i)]	$ 56,250	$ 56,250
Share-based payments [(ii)]	$ 13,704	$ 34,955
Consulting fees - chairman	$ 37,476	$ 5,635
Rent paid to a company with directors in common	$ 15,000	$ 15,000
Consulting and advisory fees paid to key management personnel	$ 101,500	$ 86,500

(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.

The acquisition of Point Leamington described in Note 5 was purchased from Calibre Mining Corp. ("Calibre"). Calibre is considered a related party to the Company, as there is an officer and certain directors in common. As discussed in the note, Calibre retains a 0.5% net smelter royalty on production from the Point Leamington Project, which can be purchased by the Company at any time for $1,000,000.

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.

9. SUBSEQUENT EVENT

On May 11, 2015, the Company and Crocodile Gold Corp. ("Crocodile"), a company listed on the TSX Exchange under the ticker symbol CRK, entered into a definitive arrangement agreement (the "Arrangement Agreement") to combine entities ("NewCo"). Crocodile and its wholly-owned subsidiaries operate three operating underground gold mines in Australia. Following the completion of the transaction, the Company will continue under the name Newmarket Gold Inc.

Under the terms of the Arrangement Agreement, each Newmarket shareholder will receive one NewCo common share ("NewCo Share") for each Newmarket common share ("Newmarket Share") held. Each Crocodile shareholder will have the option to elect to receive consideration per Crocodile Gold common share ("Crocodile Gold Share") of:

(i) 1.228 NewCo Shares;
(ii) C$0.37 in cash; or
(iii) A combination thereof subject to a maximum aggregate cash consideration of C$20 million (the "Crocodile Gold Consideration").

9. SUBSEQUENT EVENT - *continued*

Assuming full proration, shareholders of Crocodile will receive 1.088 NewCo Shares and C$0.042 in cash for each Crocodile Gold Share held. All NewCo Shares will be issued in the transaction on a notional 1 for 5 consolidated basis. The cash component of the Crocodile Gold Consideration will be funded from the proceeds of the Private Placement (as discussed below). Assuming full proration, on completion of the transaction and Private Placement financing, it is anticipated that NewCo will have approximately 134 million NewCo Shares issued and outstanding and approximately C$40 million in cash on hand.

The transaction is subject to the approval of Newmarket and Crocodile shareholders, applicable regulatory approvals and the satisfaction of customary conditions. The transaction is expected to close in the third quarter of 2015.

The management team and Board of Directors of NewCo will draw from the extensive expertise of both companies. The management team of NewCo is expected to include:

- Raymond Threlkeld: Non-Executive Chairman;
- Douglas Forster: President and Chief Executive Officer;
- Rodney Lamond: Chief Operating Officer;
- Blayne Johnson: Executive Vice President; and
- Robert Dufour: Chief Financial Officer

The senior management team will further be comprised of existing management from both companies.

The Board of NewCo will be comprised of seven directors, with five directors nominated by Newmarket and two directors nominated by Crocodile. The nominated directors, in addition to Raymond Threlkeld and Douglas Forster, include Lukas Lundin, Randall Oliphant, Blayne Johnson, Robert Getz and another director to be nominated by Crocodile.

In connection with the above, Newmarket has entered into an agreement with GMP Securities L.P. on behalf of a syndicate of underwriters (the "Underwriters") including BMO Capital Markets as co-lead underwriter, to complete a private placement of subscription receipts (the "Subscription Receipts") for total gross proceeds of C$25 million (the "Private Placement") at a price per Subscription Receipt to be determined in the context of the market (the "Subscription Price"). The Underwriters shall receive (i) a cash commission equal to 5% of the gross proceeds of the Private Placement and (ii) such number of broker warrants as is equal to 5% of the number of Subscription Receipts sold in the Private Placement, each entitling the holder to acquire one NewCo Share for a period of 18 months at a price equal to the Subscription Price.

The gross proceeds from the Private Placement will be deposited and held in escrow and shall be released immediately prior to the completion of the transaction upon the satisfaction of certain conditions (the "Release Conditions") on or before August 31, 2015.

Each Subscription Receipt will entitle the holder thereof to receive one NewCo Share in connection with the completion of the Transaction. Up to C$20 million of the proceeds of the Private Placement will be used to fund the Crocodile Gold Consideration payable to Crocodile shareholders who elect to receive cash in connection with the transaction and the remainder will be used to bolster the working capital position of NewCo upon completion of the transaction. The Subscription Receipts will be subject to a four-month hold period, however, upon closing of the transaction the Subscription Receipts will be automatically exchanged for freely – tradable NewCo common shares.

9. SUBSEQUENT EVENT - *continued*

If the Release Conditions are not satisfied on or before August 31, 2015, or prior to such date, Newmarket advises the Underwriters or announces to the public that it does not intend to satisfy the Release Conditions, the escrow agent will return to holders of the Subscription Receipts, an amount equal to the aggregate Subscription Price for the Subscription Receipts held by them, together with a pro-rata portion of interest earned on the escrowed proceeds and the Subscription Receipts will be cancelled and of no further force or effect.

The Arrangement Agreement includes customary deal protection provisions, including fiduciary-outs in specified circumstances, a right to match in favour of Newmarket, and non-solicitation provisions in favour of Newmarket. A termination fee in the amount of C$4,000,000 will be paid to Newmarket, should the Arrangement Agreement not be completed in certain circumstances.

Full details of the Transaction will be included in the management information circulars of Newmarket and Crocodile to be mailed to their respective shareholders in June 2015. It is anticipated that both shareholder meetings and closing of the transaction will take place in July 2015.