

(formerly Raystar Capital Ltd.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2013 and 2012

(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. *(formerly Raystar Capital Ltd.)*
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash	$ 2,629,268	$ 927,029
Trade and other receivables	5,001	2,799
	2,634,269	929,828
Non-current		
Deferred costs *(Note 7(a))*	61,135	-
	$ 2,695,404	$ 929,828
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	$ 201,295	$ 17,599
Shareholders' equity		
Share capital	$ 3,454,125	$ 3,454,125
Subscriptions received *(Note 7(b) and (c))*	1,793,225	-
Share-based payments reserve	146,798	146,798
Accumulated deficit	(2,900,039)	(2,688,694)
	$ 2,494,109	$ 912,229
	$ 2,695,404	$ 929,828

On behalf of the Board:

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

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

	Common shares						
	Number	Amount	Subscription received	Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
Balance – January 1, 2012	19,857,040	$ 2,544,325	$ -	$ 146,798	$ 209,800	$ (2,567,718)	$ 333,205
Issued upon exercise of warrants *(Note 4(b))*	7,000,000	909,800	-	-	(209,800)	-	700,000
Net loss for the period	-	-	-	-	-	(93,557)	(93,557)
Balance – September 30, 2012	26,857,040	$ 3,454,125	$ -	$ 146,798	$ -	$ (2,661,275)	$ 939,648

	Common shares						
	Number	Amount	Subscriptions received	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
Subscriptions received	-	-	1,793,225	-	-	-	1,793,225
Net loss for the period	-	-	-	-	-	(211,345)	(211,345)
Balance – September 30, 2013	26,857,040	$ 3,454,125	$ 1,793,225	$ 146,798	$ -	$ (2,900,039)	$ 2,494,109

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

Newmarket Gold Inc. *(formerly Raystar Capital Ltd.)*
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
EXPENSES				
Accounting and audit fees	$ 10,600	$ 4,500	$ 25,700	$ 13,800
Consultants *(Note 3)*	47,833	21,000	95,833	63,000
Interest and bank charges	269	-	269	-
Legal	8,475	-	17,457	11,272
Marketing and promotion	12,302	-	12,302	-
Office, postage, and printing	1,039	24	1,132	116
Office rent	5,000	-	5,000	-
Salaries, wages, and benefits	21,050	-	21,050	-
Shareholder relations	1,852	-	3,306	969
Trade shows and conferences	6,955	-	6,955	-
Transfer agent and regulatory fees	5,116	2,061	11,474	8,673
Travel	14,509	-	14,509	-
	$ (135,000)	$ (27,585)	$ (214,987)	$ (97,830)
OTHER INCOME				
Interest income	1,057	1,623	3,642	4,273
Loss and comprehensive loss for the period	$ (133,943)	$ (25,962)	$ (211,345)	$ (93,557)
Loss per share – basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted average number of shares outstanding: Basic and diluted	26,857,040	26,857,040	26,857,040	26,524,923

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

Newmarket Gold Inc. *(formerly Raystar Capital Ltd.)*
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
CASH PROVIDED BY (USED IN):		
Cash flows from operating activities:		
Loss for the period	$ (211,345)	$ (93,557)
Changes in non-cash working capital:		
Trade and other receivables	(2,202)	178
Prepaid expenses	-	(1,250)
Trade and other payables	110,636	(4,203)
	(102,911)	(98,832)
Cash flows from financing activities:		
Shares issued on warrant exercises	-	700,000
Subscriptions received	1,805,150	-
	1,805,150	700,000
Increase in cash	1,702,239	601,168
Cash – beginning of period	927,029	348,094
Cash – end of period	$ 2,629,268	$ 949,262
Supplemental Disclosure of Non-Cash Financing and Investing Activities		
Deferred costs included in accounts payable	$ 61,135	$ -

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

1. NATURE OF OPERATIONS

Newmarket Gold Inc. *(formerly Raystar Capital Ltd.)* ("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 entered into a Purchase and Sale Agreement dated June 20, 2013 with Calibre Mining Corp. (TSX-V: CXB) to purchase a 100% interest in the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit located in north-central Newfoundland, Canada. The purchase of the project (the "Transaction") forms the basis for the Company's reactivation from the NEX Board of the TSX Venture Exchange (the "Exchange") to Tier 2 on the Exchange. The regulatory approvals, completion of the private placement, and payment for the purchase of Point Leamington were concluded subsequent to the nine months ended September 30, 2013 and discussed in Note 7.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of November 19, 2013, the date the Audit Committee approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual audited financial statements as at and for the year ended December 31, 2012, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2013 could result in restatement of these unaudited condensed interim financial statements.

Use of estimates, assumptions, and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical estimates and assumptions are made in particular with regard to the assumptions used in calculating the fair value of warrants and share-based payments.

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

New standards, amendments and interpretations effective for the first time from January 1, 2013

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The following new standards, amendments and interpretations that have been adopted in these condensed interim financial statements have had no material effect on the Company's financial statements and disclosures.

- IFRS 13: *Fair Value Measurement*, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

- Amendments to IAS 1: *Presentation of Financial Statements* revised the presentation of other comprehensive income ("OCI"). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit and loss.

In addition, the following new or amended standards and interpretations that are mandatory for 2013 annual periods have not had a material impact on the Company:

- IFRS 7: *Financial Instruments: Disclosures*: Amendments – Offsetting Financial Assets and Financial Liabilities
- IFRS 10: *Consolidated Financial Statements*
- IFRS 11: *Joint Arrangements*
- IFRS 12: *Disclosures of Interests in Other Entities*
- IAS 19: *Employee Benefits* (Amendments)
- IAS 27: *Consolidated and Separate Financial Statements*
- IFRIC 20: *Stripping Costs in the Production Phases of a Surface Mine*
- Annual Improvements to IFRSs (2009 – 2011 Cycle)

Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2013 or later periods. They have not been early adopted in these interim financial statements and they may affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

- 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 measurement 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. The Company has not yet made an assessment of the impact of the amendments.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. RELATED PARTY TRANSACTIONS

(a) 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:

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Salaries and wages [(i)]	$ 18,750	$ -
Rent paid to a company with directors in common	$ 5,000	$ -
Consulting fees paid to key management personnel	$ 93,833	$ 63,000

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

Included in accounts payable and accrued liabilities are $53,925 (December 31, 2012 - $Nil) to various related parties for salaries and wages, consulting fees, and rent payable. 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.

4. SHARE CAPITAL

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

(a) Stock Options

A summary of the Company's stock options at September 30, 2013 is presented below:

Exercise price	December 31, 2012	Granted	Exercised	September 30, 2013	Expiry date	Remaining contractual life in years	Number of options vested
$0.10	400,000	-	-	400,000	January 11, 2016	2.28	400,000
$0.47	300,000	-	-	300,000	March 1, 2016	2.42	300,000
	700,000	-	-	700,000			700,000
	$0.26	-	-	$0.26	Weighted average exercise price		

(b) Warrants

During the nine months ended September 30, 2012, the Company received $700,000 from the exercise of 7,000,000 common share purchase warrants. The warrants had an exercise price of $0.10 per share. In connection with this exercise, the Company transferred $209,800 from warrants reserve to share capital, being the original allocation of the fair value of the warrants. Of the total warrants exercised, 4,666,000 of these warrants were exercised by directors of the Company.

There were no share purchase warrants outstanding as at September 30, 2013 or 2012.

5. CAPITAL MANAGEMENT

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. The Company's principal source of capital is from the issuance of common shares. To meet the objectives, management monitors the Company's ongoing capital requirements against net working capital and assesses additional capital requirements on a case by case basis. The Company is not subject to any externally imposed capital requirements. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, share-based payments reserve, and accumulated deficit.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial Instruments by Category

The following provides the carrying and fair values of each classification of financial instruments as at September 30, 2013:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash	$	2,629,268	$	-
Trade and other receivables	$	5,001	$	-
Financial liabilities				
Trade and other payables	$	-	$	201,295

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2012:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash	$	927,029	$	-
Trade and other receivables	$	2,799	$	-
Financial liabilities				
Trade and other payables	$	-	$	17,599

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. One of management's goals is to maintain an optimal level of liquidity through the management of the Company's assets, liabilities, and cash flows. The Company's cash is held as cash deposits which are available on demand to fund the Company's short-term financial obligations.

(c) Credit Risk

The Company's credit risk is primarily attributable to its cash and trade and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. Trade and other receivables consist of input tax credits reimbursable to the Company.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS - *continued*

(d) Concentration Risk

Concentration risk exists in cash because significant balances are maintained with one financial institution. The risk is mitigated as the cash is maintained with a large Canadian financial institution.

(e) Market Risks

The significant market risk to which the Company is exposed is interest rate risk. The Company's interest rate risk arises primarily from the interest earned on cash. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's other financial assets and liabilities are not subject to interest rate risk as they do not bear interest.

(f) Fair Value Hierarchy

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a "fair value hierarchy" which has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quotes prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties. Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values.

Trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

7. SUBSEQUENT EVENTS

(a) Purchase of Point Leamington and Private Placement

As discussed in Note 1, pursuant to a Purchase and Sale Agreement dated June 20, 2013 and subsequent to September 30, 2013 the Company completed the purchase a 100% interest in the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit (the "Project") located in north-central Newfoundland, Canada from Calibre Mining Corp. ("Calibre"). As consideration for the Project, the Company issued 1,000,000 of its common shares and paid $250,000 to Calibre on closing of the Transaction. The common shares and cash payment were issued subsequent to September 30, 2013. Calibre will retain a 0.5% net smelter return royalty on production from the Project, which can be purchased by the Company at any time after closing 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 September 30, 2013, the Company accrued $61,135 in deferred legal and regulatory costs associated with the acquisition of the Project.

7. SUBSEQUENT EVENTS - *continued*

(b) Private Placement

Concurrent with the completion of the Transaction and subsequent to September 30, 2013, the Company closed a non-brokered private placement (the "Private Placement") of 23,333,334 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $3,500,000. During the nine months ended September 30, 2013, the Company received advance subscriptions totaling $1,765,150 related to this financing, with the remaining funds received subsequent to period end. In conjunction with this financing, the Company incurred legal fees totaling $11,925, which have been applied against the gross subscription receipts as at September 30, 2013.

Each Unit consists of one common share and one transferable share purchase warrant (the "Warrants"). Each Warrant is exercisable for a period of two years at a price of $0.30. There was no finder's fee payable in connection with the Private Placement. The Company intends to use the proceeds of the Private Placement to advance the Point Leamington Project and for general working capital purposes.

(c) Stock Option Grant and Exercise

Subsequent to September 30, 2013, upon completion of the Transaction, the Company granted 2,000,000 stock options to directors, officers, and employees of the Company at an exercise price of $0.20 per share, with an expiry date of five years and vesting terms over an 18 month period.

During the nine months ended September 30, 2013, the Company received advance subscriptions totaling $40,000 related to the exercise of 400,000 options. The corresponding 400,000 common shares were issued by the Company subsequent to the period end.