This Management's Discussion and Analysis ("MD&A"), dated November 4, 2015, addresses the financial condition and results of the consolidated operations of Newmarket Gold Inc. (formerly Crocodile Gold Corp.) ("Newmarket Gold", or the "Company") for the three and nine months ended September 30, 2015. The condensed interim consolidated financial statements and related notes of Newmarket Gold have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Standards ("IFS") 34, Interim Financial Reporting. Since the condensed interim consolidated financial statements do not include all disclosure require by IFRS for annual statements, they should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2014. Additional information including the audited annual financial statements for the year ended December 31, 2014, the condensed interim consolidated financial statements for the three and nine months ended September 30, 2015, and press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under the Newmarket Gold Inc. profile at www.sedar.com.

All results are presented in United States dollars ("$") unless otherwise stated. References in this document to "C$" are to Canadian dollars and references to "A$" are to Australian dollars.

This document contains forward-looking statements and should be read in conjunction with the risk factors described in the "Risk Factors" and the "Cautionary Statements" sections at the end of this MD&A.

## COMPANY OVERVIEW

Newmarket Gold is a Canadian-listed gold mining, development and exploration company with three 100% owned operating mines in Australia: the Fosterville and Stawell Gold Mines in the state of Victoria and the Cosmo Gold Mine in the Northern Territory. In addition, as a result of the amalgamation with Newmarket Gold Inc., described below, the Company also owns a title to a mining lease located in north-central Newfoundland, Canada. The Company is focused on creating substantial shareholder value by maintaining a strong foundation of quality gold production, over 200,000 ounces annually, generating free cash flow and maintaining a large resource base as it executes a clearly defined gold asset consolidation strategy. The Company is focused on sustainable operating performance, a disciplined approach to growth, and building gold reserves and resources while maintaining the high standards that the Newmarket Gold core values represent.

Newmarket Gold's common shares, convertible unsecured debentures and share purchase warrants trade on the Toronto Stock Exchange ("TSX") under the symbols "**NMI**", "**NMI.DB**" and "**NMI.WT**", respectively. Further information about Newmarket Gold can be found in the Company's regulatory filings, including the Annual Information Form, available on SEDAR at www.sedar.com and on the Company's website at www.newmarketgoldinc.com.

## RECENT CORPORATE DEVELOPMENTS

On July 10, 2015, the Company completed the previously announced Plan of Arrangement (the "Transaction", or the "Arrangement") involving Newmarket Gold Inc. ("Newmarket") and Crocodile Gold Corp. ("Crocodile Gold"), pursuant to which Newmarket and Crocodile Gold combined to create a new gold industry consolidator positioned to acquire high quality gold assets in the world's most desirable mining jurisdictions. Under the terms of the Transaction, each Newmarket shareholder received 0.2 Newmarket Gold common shares for each Newmarket common share. Each Crocodile Gold shareholder had the option to elect to receive consideration per Crocodile Gold share of 0.2456 common shares of Newmarket Gold, or C$0.37 per share in cash, subject to a maximum aggregate cash consideration of C$20 million. The cash consideration was funded from a C$25 million subscription receipt financing completed by Newmarket prior to the completion of the Transaction.

Following completion of the Transaction, Newmarket Gold had 134,220,992 common shares issued and outstanding. Crocodile Gold's former majority shareholder Luxor Capital Group LP ("Luxor") now controls approximately 39% of Newmarket Gold on an issued and outstanding basis. As per the terms of the lock-up agreement entered into by Luxor, Luxor has agreed not to dispose of more than 20% of the securities of Newmarket Gold it owns for a period of 12 months from the completion of the Arrangement, expiring on July 10, 2016. The common shares of Newmarket Gold commenced trading on the TSX under the new symbol "NMI" on July 14, 2015.

Further details of the Arrangement are outlined below under "Transaction with Crocodile Gold Corp." and can also be found on the news releases dated May 11, 2015, July 10, 2015 and the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2015, available at www.sedar.com or on the Company's website at www.newmarketgoldinc.com.

## SUMMARIZED CONSOLIDATED RESULTS

### Financial Results

| (in thousands, except per share and per ounce amounts) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Revenue | **60,664** | 73,337 | **199,605** | 212,956 |
| Cost of operations, including depletion and depreciation | **(48,082)** | (60,754) | **(147,743)** | (184,947) |
| Mine operating income | **12,582** | 12,583 | **51,862** | 28,009 |
| Net (loss) income | **(10,325)** | 8,583 | **17,450** | 9,192 |
| Net (loss) income per share ($/share) – basic and diluted* | **(0.08)** | 0.07 | **0.14** | 0.08 |
| Cash generated from operating activities | **11,345** | 18,232 | **65,903** | 48,876 |
| Capital investment in mine development, property, plant and equipment | **13,794** | 17,645 | **44,412** | 51,456 |
| Average realized gold price per ounce ($) | **1,109** | 1,298 | **1,164** | 1,292 |
| Average quoted gold price per ounce ($) | **1,124** | 1,282 | **1,178** | 1,288 |
| Operating cash costs per ounce sold ($)** | **715** | 898 | **693** | 944 |
| All-in sustaining cash costs per ounce sold ($)** | **1,011** | 1,233 | **984** | 1,285 |

* Income per share is presented after giving effect to the Arrangement share exchange ratio of 0.2456.
** Refer to non-IFRS measure disclosures discussion on page 22.

| **Operational Results** | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Ore Milled (t) | **565,254** | 631,716 | **1,739,356** | 1,961,642 |
| Grade (g/t Au) | **3.32** | 3.14 | **3.40** | 3.04 |
| Recovery (%) | **86.5** | 86.0 | **87.1** | 84.2 |
| **Gold Oz Produced** | **53,817** | 55,909 | **169,491** | 163,516 |
| **Gold Oz Sold** | **54,521** | 56,486 | **170,968** | 164,833 |

**Highlights for the Third Quarter of 2015:**

- **Strong Consolidated Gold Production:** Q3 2015 represented the ninth consecutive quarter of gold production over 53,000 ounces. Gold production of 53,817 ounces included record production of 32,793 ounces from our flagship gold mine, Fosterville, 12,672 ounces from Cosmo Gold Mine and 8,352 ounces from Stawell Gold Mines. In the first nine months of 2015, the Company experienced record consolidated gold production of 169,491 ounces, a 3.7% increase year-over-year.
- **Increasing Grades:** Q3 2015 average consolidated mill grade of 3.32 g/t, increased 5.7% compared to 3.14 g/t in Q3 2014, comprised of mill grade of 6.42 g/t at Fosterville, 2.65 g/t at Cosmo and 1.42 g/t at Stawell.
- **Improving Recovery:** Consolidated mill recovery of 86.5% included continued higher recoveries of 89.7% at Fosterville and 92.2% at Cosmo Gold Mines. Stawell Gold Mines' recovery was 80.0% in Q3 2015.
- **Fosterville Gold Mine Sets Records:** Fosterville achieved double-digit production growth and set new quarterly records for production, average mill grade and recovery. Q3 2015 gold production of 32,793 ounces increased 15.8% over Q3 2014, mill grade of 6.42 g/t increased 27.9% over Q3 2014 and Q3 2015 recovery of 89.7% improved over a recovery of 86.8% in Q3 2014. In September 2015, Fosterville's mill grade was 7.34 g/t. The mining results from the high-grade Eagle Fault area at Fosterville display good mining grade correlation to recent exploration drilling, which demonstrates increasing grade down plunge.
- **Decreasing Costs:** Operating cash costs of $715 per ounce sold decreased 20.4% compared to Q3 2014. All-in sustaining costs ("AISC") decreased 18.0% to $1,011 per ounce sold compared to Q3 2014. In the first nine months of 2015, operating cash costs averaged $693 per ounce sold and AISC averaged $984 per ounce sold.
- **Reaffirming 2015 Production Guidance; Lowering 2015 Cost Outlook:** Based on solid consolidated production in the first nine months of 2015, Newmarket Gold reaffirmed the top end of its full year 2015 production guidance of 220,000 ounces set at the beginning of 2015. Our outlook for 2015 operating cash costs has been lowered to $700 - $750 per ounce (prior $780 - $860) and AISC has been lowered to $970 - $1,020 per ounce (prior $1,020 - $1,100) reflecting an increasing grade and recovery profile, a focus on Company wide cost reductions and the impact of the weakened Australian dollar.
- **Successfully completed the Transaction** between Newmarket Gold and Crocodile Gold establishing a new 200,000 ounce plus gold producer well positioned to execute a disciplined growth consolidation strategy.

- **Operating Cash Flow:** In the first nine months of 2015 operating cash flow of $65.9 million increased 34.8% year-over-year. Q3 2015 operating cash flow of $11.3 million declined 37.8% from Q3 2014 due to one-time transaction costs associated with the Newmarket Gold and Crocodile Gold Transaction, increased spending on growth projects, and lower gold sales in a continued depressed gold price environment.
- **Mine Site Discoveries Drive Growth Initiatives:** Increased investment in growth exploration programs, with $7.2 million spent to date including $3.8 million in Q3 2015, has resulted in mine site discoveries at Fosterville, Cosmo and Stawell. Investment in growth exploration programs are focused on targets in the project pipeline that can have a significant positive impact on near-term operations.
- **Cash and Working Capital:** At September 30, 2015, the Company had a cash balance of $37.2 million, reflecting the impact of one-time transaction cash costs of $3.3 million associated with the Transaction, increased growth exploration spending in Q3 2015 and the translation impact of a weakening Australian dollar. As at September 30, 2015, working capital was $22.6 million, reflecting the aforementioned transactions and up significantly from December 31, 2014 working capital of $12.6 million.
- **Transaction Costs Impact Net Income:** In the first nine months of 2015, net income was $17.5 million or $0.14 per share, which also included the year-to-date transaction costs of $16.7 million, or $0.14 per share. During the quarter, one-time transaction costs of $15.1 million (of which $13.4 million are non-cash costs) contributed to a Q3 2015 net loss of $10.3 million or $0.08 per share in compared to Q3 2014 net income of $8.6 million or $0.07 per share. Transaction costs accounted for a $0.11 loss per share during Q3 2015.

**Updated Production and Cash Cost Guidance for Fiscal 2015 - at September 30, 2015**

| *(U.S.) $* | **Fosterville** | **Cosmo** | **Stawell** | **Consolidated 2015** |
|---|---|---|---|---|
| **Gold Production (ounces) - New** | **115,000 – 120,000** | **60,000 – 65,000** | **~35,000** | **Approximately 220,000** |
| Gold Production (ounces) - Prior | 100,000 – 105,000 | 75,000 – 85,000 | ~ 30,000 | 205,000 – 220,000 |
| **Operational Cash Costs per ounce* - New** | **$525 – $575** | **$875 - $925** | **$945 - $995** | **$700 - $750** |
| Operational Cash Costs per ounce* - Prior | $670 – $750 | $850 - $930 | $945 - $1,025 | $780 - $860 |
| **AISC per ounce*(1) - New** | | | | **$970 - $1,020** |
| AISC per ounce*(1) - Prior | | | | $1,020 - $1,100 |

** See Non-IFRS Disclosures (1) All-In Sustaining Cash Costs per Ounce ("AISC") Includes Corporate General and Administrative Expenses.*

**Three Months Ended September 30, 2015**

In Q3 2015, Newmarket Gold produced 53,817 ounces of gold, representing the ninth consecutive quarter of production above 53,000 ounces. Quarterly production declined 3.7%, compared to Q3 2014, despite a 5.7% increase in average consolidated mill grade and an improvement in consolidated mill recovery over the same period in 2014, as the consolidated tonnes mined decreased 11.5%. This reflects the decreased tonne profile at Fosterville which now exclusively mines from the Phoenix and Lower Phoenix areas of the mine, as well as a drop in tonnes from Cosmo in Q3 2015 due to equipment availability and mine contractor personnel issues. Fosterville was the primary contributor in Q3 2015, comprising 61% of consolidated production, while achieving record quarterly grade, recovery and production results. Lower than expected production at Cosmo Gold Mine, due to challenges with the mining contractor resulted in lower than expected mined tonnes, and lower than expected production at Stawell Gold Mines, due to lower grade, accounted for the year-over-year decrease in consolidated production during the quarter. The improvement in consolidated mill grade is attributable mainly to record mill grade of 6.42 g/t achieved at Fosterville, a 27.9% increase over Q3 2014. Consolidated mill recovery of 86.5% included strong recovery of 89.7% at Fosterville and 92.2% at Cosmo.

The Company sold 54,521 ounces of gold, a decline of 3.5% over the prior year period. On a consolidated basis, revenues declined 17.3% to $60.7 million compared to $73.3 million in the corresponding quarter of 2014, reflecting the impact of lower gold ounces sold and a 14.6% decline in the average realized gold price per ounce to $1,109 per ounce, down from $1,298 in the corresponding period in 2014.

Operating expenses decreased 23%, resulting in significantly lower operating cash costs of $715 per ounce sold compared to $898 in the prior year, despite lower ounces sold compared to Q3 2014. The decrease in costs per ounce is attributable to an improving grade and recovery profile, a focus on cost management across the business, productivity initiatives, and the weakening Australian dollar. In particular, greater productivity at Fosterville, lower fuel costs, general cost reduction initiatives including, hiring freezes and supply tender processes, all contributed to lower year-over-year operating cash costs. A 21.6% year-over-year weakening of the average Australian dollar exchange rate further contributed to the decline. Mine operating income was $12.6 million in Q3 2015, consistent with Q3 2014, as the decrease in operating costs and lower depletion and depreciation costs were offset by the comparatively lower revenues during the most recent quarter.

On a consolidated basis, Q3 2015 net income was impacted by one-time transactions costs of $15.1 million (of which $13.4 million was non-cash), related to the merger between Crocodile Gold and Newmarket Gold, resulting in a net loss of $10.3 million or $0.08 per share, compared to net income of $8.6 million or $0.07 per share in the corresponding quarter of 2014. Net income for the most recent quarter also included $3.8 million in exploration expenses as the Company has been able to invest its increasing capital into near-term growth exploration projects. On a year-to-date basis, net income was $17.5 million or $0.14 per share, a significant increase over the same period in 2014 net income of $9.2 million or $0.08 per share for the first nine

months of 2014, despite a 14.6% drop in the average realized gold price. Year to date net income also include one-time transaction costs of $16.7 million and exploration and growth project spending of $7.2 million.

Cash generated from operating activities was $11.3 million in Q3 2015, a 37.8% decline compared to Q3 2014. The significant decrease in operating costs was offset by a more challenging gold price environment coupled with slightly lower gold sales. Cash generated from operating activities also reflects the Company's decision to invest a further $3.8 million in growth expenditures during the quarter. The Company invested $10.2 million in mine development during the quarter, largely at Fosterville and Cosmo, and further invested $3.6 million into plant and equipment. Capital expenditures are relatively comparable to the corresponding quarter of 2014, due to the timing of certain projects and capital development, and the weaker Australian dollar. Due to a significant decrease in operating cash costs and consistent gold production, all-in sustaining cash costs improved to $1,011 per ounce sold from $1,233 in Q3 2014, an 18.0% decrease reflecting the net impact of the weakened Australian dollar and the Company's increased spending in growth exploration.

***Foreign Exchange***

The Company has generally benefited from the significant drop in the Australian dollar exchange rate, which has markedly increased the gold price in Australian dollar terms (the functional currency of its operations) while having the effect of lowering cash costs in US dollar terms. The Australian dollar closed at $0.7045 on September 30, 2015, down 13.8% from year-end. Consequently, Australian dollar denominated gold has traded above A$1,500 per ounce consistently since mid-January, and has recently traded above A$1,600 for an extended period of time. During Q3 2015, the average quarterly exchange the rate declined 21.6% compared to Q3 2014, which accounted for a large portion of the decrease of operating and all-in sustaining cash costs per ounce sold, complementing the reduction in local currency costs achieved through cost reduction and productivity initiatives.

***Cash Position and Working Capital***

Strong operating and financial performance in the first nine months of 2015 resulted in a strong cash balance of $37.2 million at September 30, 2015, reflecting the impact of one-time transaction costs, growth exploration expenses and translation of a weaker Australian dollar. Working capital at September 30, 2015 was $22.6 million, up significantly from $12.6 million at December 31, 2014. The increase in working capital during 2015 demonstrates the strong operational performance to date, and includes the impact of funding a $7.2 million investment in exploration and growth projects, one-time transaction costs associated with the amalgamation with Crocodile Gold Corp., and a cash payment of C$20 million to AuRico Gold Inc. to terminate a cash flow sharing arrangement between the two companies.

***Company Outlook and Strategy***

With the completion of the Arrangement, Newmarket Gold moves forward with a solid foundation of quality gold production, a platform to generate free cash flow and a large gold resource base that supports the execution of the Company's gold asset consolidation strategy. With a strong senior management team, a proven operating team and a board of directors with tremendous industry experience, Newmarket Gold is focused on creating substantial shareholder value through continued sustainable operating performance from its three existing operations and through a disciplined approach to growth.

Based on operating performance to date in 2015, Newmarket Gold has reaffirmed the top end of 2015 production guidance of approximately 220,000 ounces following record quarterly production from Fosterville. The Company also lowered its outlook for 2015 operating cash costs to $700 - $750 per ounce (prior $780 - $860) and AISC was lowered to $970 - $1,020 per ounce (prior $1,020 - $1,100) reflecting an increasing grade and recovery profile, the impact of the weakening Australian dollar and continued focus on reducing costs in the operations. Refer to the 2015 Guidance table above for further details.

Newmarket Gold ended Q3 2015 with a cash balance of $37.2 million and a working capital position of $22.6 million. Underpinned by the ability of our operations to generate free cash flow, Newmarket Gold initiated several growth exploration programs during Q3 2015. New mine site discoveries at Fosterville, Cosmo and Stawell confirm the success of growth exploration programs. The Company expects to continue to increase spending significantly in Q4 2015 on those targets in the project pipeline that can have a significant positive impact on ongoing operations. We will continue to advance on our growth exploration programs to ensure we achieve our priority of resource growth to support future sustainable production and continued cash flow generation.

***Transaction with Crocodile Gold Corp.***

On July 10, 2015, Newmarket Gold Inc. completed a Plan of Arrangement with Crocodile Gold Corp. resulting in an amalgamation of the two companies. Pursuant to the Transaction and effective upon closing, the amalgamated company continued under the name Newmarket Gold Inc. Under the terms of the Transaction, each Newmarket shareholder received 0.2 Newmarket Gold common shares for each Newmarket common share. Each Crocodile Gold shareholder had the option to elect to receive consideration per Crocodile Gold common share of (i) 0.2456 Newmarket Gold common shares, or (ii) C$0.37 in cash, subject to a maximum aggregate cash consideration of C$20 million.

The cash consideration was funded from a private placement of subscription receipts for gross proceeds of C$25 million completed by Newmarket as a condition to the Transaction. The remaining proceeds were available for working capital purposes. As part of the financing, 992,000 broker warrants were issued entitling the holder to acquire one Newmarket Gold common share at an exercise price of C$1.25 with an expiration date of January 10, 2017.

Upon closing of the Transaction, Newmarket Gold had 134,220,992 common shares issued and outstanding, on an undiluted basis. The Crocodile Gold share purchase warrants, options, and phantom share units then outstanding became exercisable for 0.2456 Newmarket Gold common shares, reflecting the number of Newmarket Gold common shares a holder would have received if they were the holder of that number of Crocodile Gold common shares at the time of the Transaction.

In addition, the Company assumed the outstanding stock options and warrants of Newmarket, which are exercisable for 0.2 Newmarket Gold common shares. On July 10, 2015, Newmarket had 2,900,000 stock options outstanding that are exercisable for 580,000 Newmarket Gold common shares at a weighted average exercise price of C$1.25 and 23,333,334 warrants that are exercisable for 4,666,666 Newmarket Gold common shares at a price of C$1.50.

The Company's convertible unsecured debentures ("Debentures") are now convertible into Newmarket Gold common shares with each C$1,000 principal being convertible into approximately 982.4 Newmarket Gold common shares, being 4,000 Crocodile Gold common shares multiplied by the exchange ratio of 0.2456. Each Debenture is convertible at the holder's option into Newmarket Gold common shares at any time prior to maturity at a conversion price of C$1.02 (equivalent to a pre-Arrangement conversion price of C$0.25).

Unless stated otherwise, the number of issued and outstanding shares, warrants, options, phantom share units and per share amounts have been retrospectively applied for all periods presented in this MD&A and the condensed interim consolidated financial statements to reflect the completion of the Transaction.

For accounting purposes, the Transaction constitutes an asset acquisition by Crocodile Gold, as Newmarket did not meet the definition of a business as defined in IFRS 3 *Business Combinations*. As such, effective as at the date of closing, Newmarket's net assets were consolidated based on their fair value. The fair value assigned to the identified assets and liabilities are presented below (in thousands).

| | |
|---|---|
| **Purchase price** | |
| Common shares issued | $ 29,890 |
| Legal, regulatory, due diligence costs and other cash costs | 3,256 |
| Options and warrants assumed on Arrangement | 683 |
| | 33,829 |
| **Net assets acquired and allocation** | |
| Assets | |
| Cash | 3,738 |
| Restricted cash | 15,774 |
| Receivables and prepaid expenses | 240 |
| Mine properties | 566 |
| Liabilities | |
| Accounts payable and accrued liabilities | (3,142) |
| Net assets | 17,176 |
| Transaction cost expense | 16,653 |
| | $ 33,829 |

Transaction costs of $16.7 million (of which $13.4 million are non-cash costs) associated with the acquisition were expensed in the condensed interim consolidated statement of operations for the nine months ended September 30, 2015. Transaction costs included stamp duty, which is imposed in certain States and Territories in Australia on various instruments and transactions based on the dutiable value of a transaction.

## FOSTERVILLE GOLD MINE RESULTS OF OPERATIONS

### Operational Results

| | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Safety – Lost Time Injuries (LTI's) | **2** | 4 | **5** | 7 |
| Capital Development (m) | **997** | 1,269 | **3,185** | 3,372 |
| Operating Development (m) | **918** | 638 | **2,587** | 2,280 |
| Ore Mined – Underground (t) | **174,368** | 192,633 | **531,230** | 600,632 |
| Ore Mined – Head Grade (g/t Au) | **6.65** | 5.21 | **6.02** | 4.34 |
| Ore Milled (t) | **175,687** | 200,708 | **524,337** | 624,014 |
| Grade (g/t Au) | **6.42** | 5.02 | **6.03** | 4.42 |
| Recovery (%) | **89.7** | 86.8 | **89.4** | 85.5 |
| **Gold Oz Produced** | **32,793** | 28,313 | **91,576** | 76,297 |
| **Gold Oz Sold** | **32,770** | 27,517 | **93,141** | 74,835 |

***Safety and Environment*** – Fosterville had two LTI's in the third quarter of 2015, compared to four LTI's in Q3 2014. This resulted in a LTI frequency rate of 2.21 as of September 30, 2015 compared to 2.58 at year-end (calculated as the number of LTI's in the previous 12 months times 200,000, divided by the total hours worked in the same period). While most injuries over the past year have been low consequence events (e.g. muscle strains), Fosterville remains committed to reversing the trends through continued focus on preventative programs.

There were no material environmental breaches of the mine license or work plan conditions during the third quarter of 2015; minor incidents were reported to regulators and impacts, if any, have been rectified. During the quarter, Fosterville continued to address an incident from 2013 where overspray from a carbon-in-leach evaporation system caused salt damage on adjacent land, and on October 27, 2015, a regulatory hearing concluded that Newmarket would not be convicted for the incident but ordered to make a donation to the local municipal counsel and reimburse the regulatory body for all costs related to the enquiry. Earlier in Q2 2015, the Company purchased the impacted adjacent land, which has future strategic value to the mine for tailings storage purposes.

***Mine Production and Processing*** – Fosterville achieved a new quarterly record with gold production of 32,793 ounces of gold, a 15.8% increase compared to Q3 2014, and achieved its fifth consecutive quarter of mill feed grade improvement to 6.42 g/t, accompanied by a new record quarterly mill recovery of 89.7%. Lower tonnes mined compared to Q3 2014 as the mine is now largely focused on the Phoenix and Lower Phoenix of the mine, have been more than offset by significantly higher grade and mill recoveries.

In Q3 2015, the mine produced 174,368 underground tonnes at an average grade of 6.65 g/t compared to 192,633 tonnes at 5.21 g/t in Q3 2014. The decrease in tonnage was driven by the transition of the operation to receive a lower contribution from the Harrier zone and a proportionately larger contribution from Central and Phoenix lodes, including the higher grade Lower Phoenix area which includes the Eagle fault. Of total tonnes mined for the quarter, stoping activities have contributed 120,275 tonnes and 54,093 tonnes have been from operating development. Grade performance helped to offset lower mine tonnage and has continued to strengthen. Grade is up 27.6% from Q3 2014 due to high-grade stope production on the 4340 and 4320 levels in Lower Phoenix where both higher grade west and east-dipping lenses were extracted compared to the same period last year when the operation had not yet accessed these higher grade levels in Lower Phoenix and when ore contribution from Harrier was still above 25% (compared to 10% in 2015).

Mine development advanced at an average monthly rate of 638 metres for a total of 1,915 metres, slightly behind Q2 2015 and consistent with Q3 2014. Total development in Q3 2015 related predominantly to the Phoenix and Central areas, with minimal operating development in Harrier. Of the Phoenix and Central development, 52% related to decline and sub-level development. The development profile for the rest of 2015 is expected to be similar to the year-to-date profile, with focus on the Phoenix and Central areas, particularly on capital development to access extensions to the resource.

Fosterville processed 175,687 tonnes of ore in the third quarter at an average grade of 6.42 g/t, with grade up 27.9% over the corresponding period of 2014, reflecting the higher grades from of the Lower Phoenix area, including the Eagle fault area, and decreasing contribution from Harrier. Tonnes milled are down relative to Q3 2014, reflecting the lower mine tonne profile from the Central and Phoenix areas. Mill recovery of 89.7% in Q3 2015 established a new record, compared to the previous high of 89.2% achieved in Q1 2015. The performance continued to be driven by higher grades, a focus on improved blending practices, and optimization of the leaching circuit.

***Resource Definition and Exploration*** – During the third quarter of 2015, 16,247 metres of diamond drilling was undertaken from underground. This drilling was predominately focused on resource definition in the Phoenix and Central zones including the newly identified Eagle fault. Underground drilling remains ahead of schedule with four rigs in operation and higher than planned drill rates. In addition, two surface exploration drilling programs

commenced during the quarter involving significant step-out drilling both down-plunge to the south and up-plunge to the north from existing Lower Phoenix reserves. A total of 1,575 metres was completed in these two programs during the quarter. It is anticipated that the results of all these resource definition and exploration programs will be incorporated into the December 31, 2015 Mineral Reserves and Resources update for Fosterville.

In September 2015, Fosterville announced exploration results from 28 drill holes, comprising 7,157 metres completed as part of an exploration and resource definition program on the Lower Phoenix and Phoenix systems. These holes represented the balance of the first half of Fosterville's 2015 exploration program. Previous drill results from 81 holes announced in July 2015 confirmed the presence and continuity of exceptionally high-grade gold mineralization in the Lower Phoenix system, one area that is a major source of ore at Fosterville. Fosterville continues to produce extremely high-grade gold results, often containing visible gold, both in drill core and underground mine faces.

The latest results are from drilling which has continued outside of current mineral resources and focused on further defining and exploring targets on the Phoenix, Lower Phoenix, Lower Phoenix Footwall, East Dipping, Kestrel and the recently discovered Eagle Fault. Drill results included continued intercepts of high-grade gold mineralization with the Eagle Fault discovery returning intervals of significant visible gold. The additional drill results announced in September and October of 2015 indicate the continuance of high-grade zones to depth and suggest strong potential to increase Fosterville's Mineral Reserves and Resources.

In October 2015, Newmarket also confirmed the launch of three new growth exploration programs at Lower Phoenix South (6200mN), and Lower Phoenix North (7950mN), and the development of the Harrier Exploration Drill Drive. The total investment in these projects is $2.6 million and includes approximately 5,860 metres of surface based diamond drilling targeted on the northern and southern extensions of the Lower Phoenix system and 224 metres of underground development. The first phase of the Harrier Exploration Drill Drive will provide exploration drill platforms to support 2016 exploration drilling targeting the down-plunge extensions of the Phoenix gold system. The Company has also committed to installing a gravity recovery gold circuit at the Fosterville processing facility to optimize gold recovery and provide processing options for different ore types at a total cost of $0.4 million.

*Highlights and Key Drill Intercepts Announced September and October 2015 include:*

- Drilling returned high-grade visible gold drill intercepts associated with the Eagle Fault including 16.38 g/t Au(1) over 18.0 metres (ETW 16.56 metres) in hole UDH1364 (Including 145.3 g/t Au(1) over 0.95 metres).
- Ongoing drilling of East Dipping Faults returned high-grade results including 141.1 g/t Au(1) over 5.8 metres (ETW 4.59 metres) in hole UDH1321 (including 1908 g/t Au(1) over 0.4 metres).
- Results from a total of 14 additional drill holes completed on the Eagle Fault discovery reaffirmed the structural continuity and grade tenor of the Eagle Fault over a strike length of approximately 500 metres.
- Drill results on these high-grade zones provide strong potential to increase Mineral Reserves and Resources and contribute to the near term production profile due to the proximity to existing development.
- Mining began extracting ore from these structures, up-plunge of these latest drill results with mining performing well in terms of reconciliation and processing activities.
- In addition to underground drilling, Newmarket initiated three surface based growth exploration drill holes at Fosterville totaling $1.5 million in the second half of 2015. Drill holes are designed to test down-plunge extensions of the Lower Phoenix system and the up-plunge potential of the Lower Phoenix system on step outs of 200 metres and 230 metres respectively.
- Fosterville processing facility to install a gravity recovery gold circuit by end of Q1 2016 for a total cost of $0.4 million. Once complete, Fosterville expects to benefit from an increase in overall gold recoveries and lower treatment costs.

(1) Visible gold present in drill intercept, ETW – Estimated True Width

Refer to the press releases dated October 29, 2015, September 14, 2015 and July 27, 2015 for full details of the drill program and related discussion. Note that all drill intercepts are outside of the Mineral Resources reported at December 2014.

The new drill results represent a third consecutive quarter of high-grade gold discoveries at Fosterville including the newly identified Eagle Fault and high-grade intercepts related to the previously discovered Lower Phoenix, East Dipping Faults and Kestrel structures. These drill results also represent the highest grades ever recorded at Fosterville and support the view that Fosterville's grade profile will continue its increasing trend. Fosterville will provide a Mineral Reserves and Resources update in early 2016 based on the drill results to date and those of ongoing drilling programs.

**Financial Results**

| (in thousands, except per share and per ounce amounts) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Revenue | **36,135** | 35,356 | **107,304** | 96,170 |
| Operating costs including royalties | **(15,790)** | (19,456) | **(48,252)** | (58,470) |
| Depletion and depreciation | **(6,714)** | (8,108) | **(20,324)** | (22,727) |
| Mine operating income | **13,631** | 7,792 | **38,728** | 14,973 |
| Cash flow from operations | **19,448** | 13,685 | **60,913** | 38,326 |
| Capital investment in mine development and property, plant and equipment | **9,892** | 11,703 | **30,437** | 33,445 |
| Operating cash costs per ounce sold[(1)] | **481** | 707 | **518** | 781 |
| All-in sustaining cash costs per ounce sold[(1)] [(2)] | **797** | 1,157 | **861** | 1,267 |

(1) *Refer to non-IFRS measure disclosures discussion on page 22*
(2) *Excludes corporate general and administrative expenses*

Fosterville revenues increased 2.2% compared to Q3 2014, the net result of a 19.1% increase in ounces of gold sold despite a decrease in the average realized gold price. The increased gold sales were the result of significantly stronger comparative grades and recoveries. Gold sales for the nine months ended September 30, 2015 also included the sale of 2,750 ounces of bullion held at December 31, 2014.

Higher grades and recoveries also contributed to lower operating cash costs per ounce sold, in addition to cost saving initiatives and the impact of a lower Australian dollar compared to 2014. Cost reduction and increased productivity are reflected in current year financial results, including the successful negotiation of a renewed power contract for 2015 which resulted in an approximate 25% reduction in power costs (estimated annual reduction of $1.4 million). Fosterville is also seeing the impact of lower fuel and diesel prices, and reduced turnover. Operating costs per tonne milled were A$123 per tonne in Q3 2015 and A$119 per tonne for the nine months ended September 30, 2015. The operating costs per tonne for 2014 were A$100 and A$101 for Q3 2014 and for the nine months ended September 30, 2014, respectively. The increase in costs per tonne milled reflects the lower mine tonne profile of the mine as it focuses exclusively on the Central and Phoenix zones; however, this has been accompanied by higher grades, which has led to decreasing operating costs on a per ounce basis.

The lower depletion and depreciation expense in Q3 2015 reflects the net impact of a significantly weaker Australian dollar compared to Q3 2014 offsetting higher quarterly depreciation from higher ounces contained mined. As a result of strong production physicals and lower operating costs, and despite a significantly lower average realized gold price, mine operating income for the nine months ended September 30, 2015 was $38.7 million compared to $15.0 million for the corresponding period of 2014.

Cash flow generated from operations has increased significantly from Q3 2014 as a result of higher gold sales and lower operating costs. Capital investments in Q3 2015 are relatively comparable to Q3 2014 due to the net impact of the weakened Australian dollar and the planned timing of certain projects and capital expenditures; projects include the construction of a tailings facility (estimated cost of $2.8 million) and upgrades to mine ventilation, both of which were completed in Q3 2015. All-in sustaining cash costs per ounce sold in Q3 2015 are significantly lower than Q3 2014 as a result of higher grades and recoveries, 18.8% lower operating costs, and the weakened Australian dollar.

## COSMO GOLD MINE RESULTS OF OPERATIONS

### Operational Results

| | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Safety – Lost Time Injuries (LTI's) | **1** | 5 | **7** | 6 |
| Capital Development (m) | **387** | 481 | **1,242** | 1,388 |
| Operating Development (m) | **858** | 597 | **2,245** | 1,859 |
| Ore Mined – Underground (t) | **164,488** | 202,290 | **545,384** | 591,647 |
| Ore Mined – Head Grade (g/t Au) | **2.66** | 3.03 | **3.13** | 3.37 |
| Ore Milled (t) | **161,351** | 198,168 | **544,742** | 642,798 |
| Grade (g/t Au) | **2.65** | 3.03 | **3.12** | 3.17 |
| Recovery (%) | **92.2** | 92.8 | **92.2** | 88.2 |
| **Gold Oz Produced** | **12,672** | 17,942 | **50,357** | 57,628 |
| **Gold Oz Sold** | **13,297** | 18,899 | **50,017** | 60,292 |

***Safety and Environment*** – The NT operations had 1 LTI in the third quarter of 2015, which resulted in a LTI frequency rate of 2.51 as of September 30, 2015, up from to 1.82 LTIFR at year-end 2014. The NT operations continue to implement risk management training, which focus on lead indicator activity in preventing injuries, such as hazard reporting and safe behaviour observations.

There were no material breaches of mine license or work plan conditions during the quarter. Management in the Northern Territory continues to work with regulatory agencies with respect to safety and environmental issues, with current focus on water treatment at Cosmo and Brock's Creek, and the completion of updated closure plans and rehabilitation works. Reclamation on past-producing properties such as North Point and Princess Louise continues to be undertaken with the aim of reducing long-term reclamation liabilities and performance bonding requirements.

***Mine Production and Processing*** – Mined tonnes in Q3 2015 decreased 18.7% to 164,488 tonnes at an average grade of 2.66 g/t compared to 202,290 tonnes at an average grade of 3.03 g/t in Q3 2014. Challenges with equipment availability, and changes in contractor manpower were the main contributors to the significant drop in Q3 2015 performance compared to the same period in the prior year. Rescheduling of some stoping activities negatively impacted grade with ounces lost expected to be recovered once stoping commences in these areas in the future.

Looking ahead, operational challenges with the mining contractor have been addressed and contractor performance continues to be monitored closely. With the restructured mine plan in place, production is expected to drive improved results in Q4 2015. Recent drilling success at the Sliver Lode at Cosmo including 14.79 g/t over 11.4 metres (Estimated true width 11.4 metres) and 14.07 g/t over 6.0 metres (Estimated true width 5.83 metres) and the proximity of the Sliver Lode to current underground development highlights the potential of additional tonnes to be included in the near term mine plan.

Mine development advanced 1,245 metres in Q3 2015, up 15.5% compared to Q3 2014, at an average monthly rate of 415 metres, also slightly ahead of the Q2 2015 advancement rates. Development for the quarter focused mainly on capital development to complete the final level in Mining Block 8 at the 600 level, to allow for stoping in the mining block in Q4 2015. Capital development will also continue in the near-term into the Sliver section, with a shift to more operating development metres and growth development to establish exploration drill drives.

Production from Cosmo is treated at the Union Reefs mill, a carbon-in-leach processing plant with capacity to treat approximately 2 million tonnes of ore annually. Mill utilization was 32% in Q3 2015, with ore treated on a nine days on five days off continual roster to reduce costs due to ore availability relative to mill size. Mill utilization in the current quarter was also impacted by lower tonnes hauled from the Cosmo mine. The mill processed 161,351 tonnes at an average grade of 2.65 g/t during the most recent quarter, compared to 198,168 tonnes at an average grade of 3.03 g/t in Q3 2014. Mill throughput was impacted by the availability of mine tonnes. Notably, the mill achieved an average recovery of 92.2%, slightly lower than a recovery of 92.8% in Q3 2014. Mill recovery for the year-to-date averaged 92.2% for 2015, tracking well above the average recovery of 88.2% for the corresponding period in 2014.

***Resource Definition and Exploration*** – During the third quarter of 2015, a total of 19,189 metres of diamond drilling was achieved underground from the operation of four drill rigs, of which 11,734 metres related to growth projects. Operational and sustaining drill programs at Cosmo accounted for 7,455 metres, with a heavy focus on grade control drilling, and the remainder relating to resource definition.

Earlier in the first half of 2015, Cosmo announced its M&I Mineral Resources increased 7.8% year-over-year to 539,000 ounces of gold following successful exploration results in 2014 as discussed in the press release dated March 31, 2015. Cross-cutting faults have been identified at the southern and northern edges of the main eastern lode sequence. These faults have been shown to offset the main lodes and in some cases create repetition of the mineralization. Extensional drilling in 2015 is testing these areas. Proven and Probable Mineral Reserves decreased to 148,000 ounces, as resource conversion expenditures were constrained during the previous year while under the net free cash flow sharing arrangement with AuRico. Cosmo's grade profile decreased slightly due to the inclusion of additional material from outside the main higher-grade 100 footwall lode.

**Financial Results**

| (in thousands, except per share and per ounce amounts) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Revenue | **14,964** | 24,601 | **59,181** | 77,838 |
| Operating costs including royalties | **(14,070)** | (19,260) | **(44,056)** | (62,433) |
| Depletion and depreciation | **(1,975)** | (1,641) | **(8,095)** | (5,852) |
| Mine operating (loss) income | **(1,081)** | 3,700 | **7,030** | 9,553 |
| Cash flow (used in) from operations | **(1,975)** | 5,513 | **8,626** | 13,231 |
| Capital investment in mine development and property, plant and equipment | **3,363** | 5,015 | **11,209** | 14,616 |
| Operating cash costs per ounce sold[1] | **1,055** | 1,016 | **878** | 1,033 |
| All-in sustaining cash costs per ounce sold[1] [2] | **1,319** | 1,295 | **1,112** | 1,288 |

[1] *Refer to non-IFRS measure disclosures discussion on page 22*
[2] *Excludes corporate general and administrative expenses*

Revenue for the quarter ended September 30, 2015 was significantly lower than the third quarter of 2014 due to the impact of the decrease in gold ounces sold. Cosmo has seen its operating cash costs increase modestly on a per ounce basis for the three months ended September 30, 2015 in comparison to Q3 2014, largely due to the impact of the weakening Australian dollar. The mine contractor operates on a fixed and variable basis, and while lower physicals resulted in lower variable costs, the fixed component was absorbed over a lower number of ounces in Q3 2015. The impact has been limited as operating costs have benefited from real cost savings through lower diamond drilling costs, the consolidation of the operations' two camps, a reduction in cyanide consumption and other reagents, and other benefits from tendered group supply contracts. Operating costs per tonne milled were A$123 per tonne in Q3 2015 and A$108 per tonne for the nine months ended September 30, 2015. The operating costs per tonne for 2014 were A$102 and A$100 for Q3 2014 and for the nine months ended September 30, 2014, respectively. The increase in Q3 2015 in particular reflects the impact of fixed costs being spread over significantly less tonnes mined.

The increase in depletion and depreciation is the result of the impact of the higher mine carrying value at December 31, 2014 compared to December 31, 2013. Mine operating loss in Q3 2015 was $1.1 million compared to mine operating income of $3.7 million in Q3 2014, driven by the reduced ounces sold and lower average gold price. Mine operating income for the first 9 months of 2015 is down 26.4% compared to 2014, as lower revenues were only partially offset by a significant drop in operating costs. All-in sustaining cash costs have increased in the most recent quarter due to a significant drop in gold ounces sold, despite lower operating costs and capital expenditures. AISC per ounce sold on a year-to-date basis have improved 13.7%, reflecting the impact of underlying savings in operational costs and a weakened Australian dollar.

The impact of the lower gold ounces sold and a lower average gold price, both on a quarterly and year-to-date basis, have resulted in decreased cash flows from operations in 2015. Cash flow from operations for the first nine months of 2015 was $8.6 million, with decreased revenues being partially offset by reductions in operating and capital costs. Sustaining capital expenditures are focused on ongoing decline and sub-level development and resource definition, and ongoing capital maintenance.

## STAWELL GOLD MINES RESULTS OF OPERATIONS

### Operational Results

| | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Safety – Lost Time Injuries (LTI's) | **2** | - | **3** | - |
| Capital Development (m) | **9** | - | **374** | - |
| Operating Development (m) | **836** | 750 | **1,898** | 2,194 |
| Ore Mined – Underground (t) | **130,881** | 136,849 | **371,891** | 415,824 |
| Ore Mined – Head Grade (g/t Au) | **2.05** | 2.50 | **2.35** | 2.54 |
| Ore Milled (t) | **228,216** | 232,840 | **670,277** | 694,830 |
| Grade (g/t Au) | **1.42** | 1.62 | **1.58** | 1.67 |
| Recovery (%) | **80.0** | 79.5 | **81.1** | 79.3 |
| **Gold Oz Produced** | **8,352** | 9,654 | **27,559** | 29,591 |
| **Gold Oz Sold** | **8,454** | 10,070 | **27,810** | 29,706 |

***Safety and Environment*** –Stawell had two LTI occurrences in the third quarter of 2015. The LTI frequency rate was 2.69 at September 30, 2015 up from 1.42 at December 31, 2014. Safety behaviour training has been launched and there has been an increased focus on workplace inspections and hazard reporting.

There were no material environmental breaches of the work plan conditions during Q3 2015. Stawell received various community complaints during the quarter relating to blast vibration; however, all surface vibration levels continue to be within mine license requirements. In early 2014, Stawell completed an environmental audit relating to the off lease detection of thiocyanate in ground water immediate to its tailings facility and continues to progress with the implementation of the audit recommendations, including the use of water monitoring bores. During the third quarter, Stawell submitted a remediation feasibility study to the regulatory authorities, which recommended that hydraulic containment (capture and treat) through an increased bore network or trenches would be the best options for remediation. In addition, Stawell continues to progress a number of other projects in the areas of bio-remediation, noise management improvement, rehabilitation works, and end land use initiatives.

***Mine Production and Processing*** – Stawell produced 8,352 ounces of gold in Q3 2015, a decline of 13.5% compared to the same period in the prior year. The lower production is attributed to a 0.45 g/t decrease in underground ore grade to 2.05 g/t due to a shift in contribution to lower grade North Magdala stocks. During the quarter, Stawell continued its program of combining underground ore from the upper levels of the mine and surface oxide for mill feed. Stawell continues to operate sustainably based on streamlined operating activities, reduced manpower, and targeted infrastructure expenditures. Stawell continues to invest limited expenditures into diamond drilling activity and sustaining development to maintain the viability of the operations while also looking for additional zones of mineralization to sustain underground operations into future quarters. The success of this underground drilling program is discussed in detail below.

Stawell mined 130,881 tonnes of underground ore during the third quarter of 2015, down 4.4%, with an 18% lower grade than Q3 2014. Mine production is presently being sourced from the U1 and Upper Level Magdala systems, and development in the Federal Albion system. Grade during the quarter was lower compared to Q3 2014, reflective of a higher proportion of operating mine development relative to the comparative period.

During the quarter, the mill processed a combined throughput of 228,216 tonnes (131,880 tonnes underground ore and 96,336 tonnes oxide) at 1.42 g/t with a recovery of 80.0%, compared to 232,840 tonnes in the corresponding period of 2014 (137,375 tonnes underground, 95,465 tonnes oxide), at 1.62 g/t and 79.5% recovery. Recovery continued to improve year-over-year and compared to the previous quarter, due to less graphitic ore contributions within the feed and some benefit realized through a circuit modification splitting out high preg-robbing materials and the re-introduction of concentrate down circuit.

***Resource Definition and Exploration*** – In 2013, when resources and reserves were depleted at depth, Stawell commenced its transition from the deep levels of the mine to the upper levels of the mine where the extraction of remnant and other ore materials is currently in progress. In 2014, Stawell completed a multi-targeted underground drilling exploration program, which focused on the upper levels of the mine between 180m and 705m levels below the surface, comprising 33 drill holes totalling 4,261 metres. Drilling concentrated on exploring three main target areas, Federal-Albion South, U1, and Mariners, which are located in the middle to upper portion of the Magdala system, a strongly mineralized system where underground mining is currently in progress (which would allow target areas to be readily accessed in the future).

As a result, in the first quarter of 2015, Stawell reported its first Mineral Reserve and Resource update since 2012, which included M&I Resources of 243,000 ounces, with an average grade of 1.81 g/t, as discussed in the press release dated March 31, 2015. To date in 2015 and in Q4 2015, work has continued in the upper levels of the mine with ongoing resource drilling programs in the U2 and Mid Magdala regions. Surface oxide definition programs

were also advanced on the Brummigans property, proximal to a historical open pit operation and close to processing infrastructure. Further works were also progressed with the Aurora B exploration drilling on the East Flank of the Magdala Basalt as per the press release dated September 21, 2015.

**Financial Results**

| (in thousands, except per share and per ounce amounts) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Revenue | **9,565** | 13,380 | **33,120** | 38,948 |
| Operating costs including royalties | **(9,206)** | (12,132) | **(26,380)** | (34,991) |
| Depletion and depreciation | **(327)** | (157) | **(636)** | (474) |
| Mine operating income | **32** | 1,091 | **6,104** | 3,483 |
| Cash flow (used in) from operations | **(95)** | (377) | **6,094** | 2,086 |
| Capital investment in mine development and property, plant and equipment, including the Big Hill Project | **539** | 927 | **2,766** | 3,395 |
| Operating cash costs per ounce sold[(1)] | **1,086** | 1,201 | **946** | 1,174 |
| All-in sustaining cash costs per ounce sold[(1) (2) (3)] | **1,153** | 1,226 | **1,038** | 1,214 |

(1) *Refer to non-IFRS measure disclosures discussion on page 22*
(2) *Excludes corporate general and administrative expenses*
(3) *Excludes Big Hill expenditures which relate to a growth project and are therefore not sustaining expenditures of the existing operation*

Revenue has decreased in the most recent quarter from Q3 2014 due to the drop in the average realized gold price and lower gold ounces sold. Operating costs now reflect the smaller scale operation required to ensure the viability of the underground operations. Also, given the short time frame to production most related drilling and development costs have been expensed as operating costs with increased drilling activity demonstrated in Q3 2015 for 2016 mine planning purposes. The operating cash costs per ounce sold were lower for the quarter ended September 30, 2015 relative to Q3 2014, largely due to the impact of a weakening Australian dollar. Year-to-date operating costs per ounce were impacted by foreign exchange and also by lower mine and mill physical activity. Operating costs per tonne milled were A$52 per tonne for both the three and the nine months ended September 30, 2015. The operating costs per tonne for 2014 were A$54 per tonne in Q3 2014 and A$54 for the nine months ended September 30, 2014. The decrease in costs per tonne milled reflects cost reduction initiatives implemented in late 2014 and the capitalization of certain development costs in Q2 2015.

Cash flows used in operations have improved slightly compared to Q3 2014 mainly as a result of the 9.6% decrease in operating cash costs per ounce sold. Year-to-date capital investment includes capitalized development relating to the Federal Albion area of A$1.6 million which will provide mining access over multiple periods, as well as equipment maintenance spending to ensure sustainability as near term life of mine operations extend. AISC per ounce have decreased year over year both on a quarterly and year-to-date basis as they result of a lower Australian dollar, the capitalizing of certain development costs in 2015, and general cost reduction initiatives.

Capital investment at Stawell in Q3 2015 includes A$32K relating to the advancement of the Big Hill Project. The Company continues to spend limited capital on the Big Hill Project at this point as it awaits further guidance from government and regulatory agencies about next steps in the permitting process (see below).

## GROWTH AND BUSINESS DEVELOPMENT

Newmarket Gold has a significant and prospective land package in the Northern Territory and the State of Victoria. As a result of the strong operational and financial performance to date in 2015, the Company was able to initiate several new growth and exploration programs. This exploration is in addition to the Company's ongoing sustaining capital expenditures and is expected to contribute to the reserve and measured and indicated resources categories by the end of 2015. This demonstrates the Company's focus on reserve and resource growth to extend mine life at all three mines, as well as our confidence in the considerable potential that our project pipeline has to increase our resource base.

### The Modified Big Hill Development Project ("The Big Hill Project")

Newmarket Gold continues to progress the Big Hill Project at Stawell, an important growth opportunity for the Company and the community of Stawell. The Big Hill Project is the up-dip extension of the Stawell Magdala system, which is currently being mined from underground. On June 6, 2014, the Company released a positive Feasibility Study prepared in accordance with NI 43-101 which defined a reserve for the project and robust project economics. Full details of the Feasibility Study can be found in Technical Report titled "Technical Report - Big Hill Enhanced Development Project At Stawell Gold Mine" on SEDAR and at the Company's website at www.newmarketgoldinc.com.

In March 2014, the Company released of the Environmental Effects Statement (EES) for the Big Hill Project, which was followed by a full Feasibility Study in June 2014. Formal Panel Hearings for the Project with government department representatives concluded in July 2014. On October 30, 2014, the Company received the Ministerial assessment and Panel Report on the Big Hill Project. The Panel provided a number of key recommendations for the Project, and at that time also advised the statutory decision-makers that the Project should not proceed in the current form.

In early 2015, the newly elected Victorian State Government acknowledged the Company's willingness to address the Ministerial issues raised, and advised that key agencies would review an updated submission and provide recommendations on next steps. In May 2015, the Company submitted a draft modified plan to the State government that would include several new initiatives, primarily relating to proximity buffering, additional noise mitigation and further controls for dust mitigation to satisfy the Ministerial key recommendations resulting from the EES review. Such initiatives are generally above best practice standards and have been reviewed by third party independent technical experts. The Company has not received further direction on the Project as of the date of this MD&A.

### Growth Projects

During the third quarter of 2015, the Company spent $3.8 million on exploration, which significantly related to growth projects. Highlights of the key growth projects executed in Q3 2015 are outlined below; please refer to the press releases dated July 22, 2015 and September 21, 2015 (Cosmo and Stawell) and July 27, 2015, September 14, 2015, and October 29, 2015 (Fosterville) for full program and drill result details of the Company's growth and exploration programs. For the remainder of 2015, the Company will continue to advance key growth projects including: the next phase of drilling on the Western Lodes, the Inner Dolerite targets at Cosmo, a second phase of drilling on the Aurora B target at Stawell, drill testing on the up-plunge and down-plunge of the Lower Phoenix at Fosterville, and the execution of a drill program at the Esmeralda Gold Deposit in the Northern Territory (a surface Mineral Resource in close proximity to the Union Reef Mill).

Growth Project Highlights

*Cosmo – Sliver Lode:* During Q3 2015, Cosmo continued to target the Sliver Lode, a mineralized lode located in the Hanging Wall of the F1 Fault located only 25 metres from current underground mine development. Sliver Lode drilling suggests results could form part of the near term mine plan for the Cosmo. Key intercepts from this drilling include 14.79 g/t Au over 11.4 metres (ETW 11.4 metres) in hole CE67518 and 14.07 g/t Au over 6.0 metres (ETW 5.83 metres) in hole CE67522. The Sliver Zone is a subsidiary fold on the Eastern Hanging wall limb of the Cosmo anticline fold and to date has produced a significant number of tonnes of mill feed for Cosmo. It was initially believed that the mineralization in the down plunge extension of the Sliver Zone terminated down plunge by the F1 fault. The latest results show that this is not the case and the zone is still open at depth suggesting the potential to extend the current mine plan into the future. With this improved understanding of the Sliver Lode, a $0.5 million surface drill program was commenced to test the extent of mineralization down plunge. A schematic long section and a view showing the mineralization with respect to current underground workings are available in the press release dated September 21, 2015. Since Mineral Resources reported in December 2014, a total of 6,417 metres of drilling in 37 diamond holes have been completed on the Sliver Lode. A Mineral Resource and Mineral Reserve update for the Sliver Lode will be undertaken at year-end 2015 incorporating the recent and ongoing drilling results.

*Cosmo – Cosmo Deeps:* During Q3 2015, two drill holes, out of a four hole program, were completed on Cosmo Deeps and tested mineralization around 200 metres down plunge of current base of reported Mineral Resources at Cosmo. Both diamond holes (CE84099 & CE840100) returned significant results, such as 5.85 g/t Au over 5.70 metres (ETW 4.29 metres) in hole CE84099, located within the 300 Lode. In addition to these significant results in the 300 Lode, a previously unidentified lode was intersected in these two holes with results of 3.87 g/t Au over 9.3 metres (ETW 7.2 metres) in hole CE840100 and 2.37 g/t Au over 5.2 metres (ETW 3.8 metres) in hole CE84099. These intercepts are located approximately 500 metres from current workings and are significant. Near-term exploration at Cosmo Mine continues to focus on advancing the Mineral Resource potential of these zones.

*Cosmo – Western Lodes*: In H1 2015, seven holes totaling 3,256 metres were completed on the Western Lode footwall target. Significant drill results for the Western Lodes Target include: 7.42 g/t Au over 4.3 metres (ETW 2.85 metres) in hole CW69001 and 6.59 g/t Au over 6.4 metres (ETW 1.65 metres) in hole CW69006. These results highlight the potential of identifying mineralization at grades and widths amenable for underground mining and in close proximity to existing mine infrastructure (approximately 160 metres). Follow-up drilling for the Western Lodes Target to test for mineralization extensions

and to provide drill information sufficient for resource modelling has been completed and is being reviewed. Drilling of this target is being prioritized as it has the potential to add a separate mining front to Cosmo which will assist with future mine planning and scheduling.
*Cosmo Inner Dolerite Drilling*: A structural review of Cosmo in late 2014, identified that the Inner Dolerite Target occurs on both the eastern and western limbs of the Cosmo anticline. In 2015, two diamond holes were completed on the Inner Dolerite Target, and a third hole was eventually abandoned as it drifted off target. All three holes intersected mineralization at shallow depths, close to the drilling rig location cuddy. Significant drill intercepts included 5.33 g/t Au over 7.54 metres (ETW 4.8 metres) in CW101001A and 4.89 g/t Au over 6.2 metres (ETW 4.0 metres) in hole CW101001 that are only 13 metres from existing development. A further intercept of 3.33 g/t Au over 5.7 metres (ETW 4.0 metres) was reported in hole CW101002 on the eastern limb of the anticline highlighting the potential for this target being repeated on both sides of the deposit anticline. A second phase of drilling is presently underway to test the extent of this mineralization.

*Cosmo Central Internal Metasediments:* The Inner Dolerite drilling program also intersected significant mineralization centered on the Cosmo Antiform core in an area of folded and faulted Central Internal Metasediments. Drill hole CW101002 returned intercepts 4.34 g/t Au over 22.75 metres (ETW 11.4 metres), 6.79 g/t Au over 6.15 metres (ETW 3.85 metres) and 4.44 g/t Au over 13.7 metres (ETW 6.1 metres). This hole is very encouraging as the hole intersected over 100 metres of continuous, lower grade gold mineralization above 0.1 g/t Au in addition to the high grade intercepts reported above. This suggests more work is required to understand this style of mineralization. Work has now commenced to map the mineralization, lithology and structure in this hole to better understand the geometry and style of the mineralization in this area.

*Stawell East Flank Targets (Aurora A and Aurora B):* This is the first drill program at the Aurora B target, with drilling focused on the East Flank of the Magdala Basalt approximately 400-500 metres below surface. This first phase of exploration drilling, comprising two holes for 1,175 metres and costing $0.2 million returned a high-grade gold intercepts of 7.06 g/t Au over 17.80 metres (ETW 8.3 metres) in MD6339 and 25.4 g/t Au over 0.55 m (ETW 0.3 metres) in hole MD6340. The second phase of drilling, comprising four holes for 2,067 metres returned high-grade gold intercepts containing visible gold of 8.03 g/t Au over 8.80 metres (ETW 5.0 metres) including 51.80 g/t Au over 0.80 metres (ETW 0.45 metres) and 2.59 g/t Au over 5.50 metres (ETW 3.1 metres) in hole MD6347. These high-grade results, when considered with historical drill results, demonstrate a mineralized surface of approximately 140 metres along strike and 140 metres down dip and the Aurora B discovery remains open for further expansion. Results are pending for the fourth and final hole. The West Flank of the Magdala Basalt at Stawell has produced over 2.3 million ounces of gold whereas the East Flank, where the Aurora B discovery is located, has no recorded production.

Drilling of the Aurora A target commenced in Q3 2015 from underground and comprises two diamond holes for a total of 2,000 metres. The Aurora A target is located vertically below the Aurora B discovery, and is separated by the South Fault, which has thrust the Aurora B upwards and to the southwest. The Aurora A target was previously known as "Wonga Gift" (Northgate Minerals Press Release, dated November 1, 2010) and has a significant historic drill intercept of 13.7 g/t Au over 5.45 metres (ETW 4.90 metres) from surface diamond hole SD649A. The present drill program has an estimated cost of $0.25 million and will test an area approximately 700 metres along strike to the north from existing Aurora A drilling.

The prospective areas of the Basalt East Flank have been renamed the 'Aurora' Prospects. The Aurora prospect is split into two areas by the South Fault, which has offset the Aurora B target to the South over the Aurora A target. The Aurora A target was previously known as 'Wonga Gift' (Northgate Minerals Press Release, dated November 1, 2010) and has a significant historic drill intercept of 13.7 g/t Au over 5.45 metres (ETW 4.90 metres) from surface diamond hole SD649A. Aurora A remains of exploration interest to the Company, but the shallower, more accessible Aurora B area was prioritized for drilling during a target review of Stawell during the second quarter of 2015. The Aurora B high-grade intercept in drill hole MD6339 is located 500 metres from current underground infrastructure.

**Maud Creek Gold Deposit**

The Company commenced a $3.4 million phased Feasibility Study of the Maud Creek Gold Deposit, located in the Northern Territory. Mining consultancy group, SRK Consulting (Australasia) Pty Ltd. ("SRK"), has initiated work on the Feasibility Study that will be advanced in three stages with the first stage being the completion of a Preliminary Economic Assessment ("PEA") by the first quarter of 2016. Following the successful completion of a PEA, Pre-Feasibility and Feasibility stages may be undertaken throughout 2016.

The Maud Creek Gold Deposit has a combined Indicated and Inferred Mineral Resource of approximately 1.2 million ounces. The current resource estimate comprises 7.7 million tonnes at 3.50 g/t Au (871,000 ounces) of Indicated Mineral Resource and 4.2 million tonnes at 2.55 g/t Au (344,000 ounces) of Inferred Mineral Resource. Maud Creek is located 110 kilometres southeast of the Union Reefs processing facility, which provides an opportunity to leverage existing infrastructure in the future.

**Strategic Investments and Partnerships**

*JDS Silver Inc. ("JDS Silver")*

In 2014, the Company acquired a minority interest in JDS Silver, a private company that owns the Silvertip project in northern British Columbia. The Silvertip project is an attractive near-production, high grade silver and polymetallic project with a strong resource in a stable mining jurisdiction. Indicated resources are 2.2 million tonnes of silver at 341 g/t, 6.53% lead, and 9.12% zinc. The project includes a developed access decline, full camp facilities, an access road, and JDS Silver also owns a full processing plant in excellent condition.

The project boasts strong economics and provides the Company with another exposure to precious metals, in addition to the benefit of base metal credits. JDS Silver obtained a draft mine permit from the Ministry of Energy and Mines of the province of British Columbia in Q2 2015 and is advanced

on funding structures for construction and ramp-up to production. In the first quarter of 2015, the Company invested a further $400,000 into JDS Silver to assist with permitting activities and production planning.
During the nine months ended September 30, 2015, the Company recorded a $0.75 million loss on the revaluation of the investment based on the valuation of an equity financing completed in July 2015. Subsequent to the completion of the financing, the Company's investment represented a 17.1% interest in JDS Silver.

*Navarre Mineral Limited ("Navarre Minerals") and Primary Gold Limited ("Primary Gold")*

The Company also holds portfolio investments in Primary Gold Limited ("Primary Gold") and Navarre Minerals Limited ("Navarre"), both listed on the Australian Stock Exchange and focused on exploration and development projects in Australia. In relation to the Company's investment in Primary Gold, $1.7 million was reclassified from accumulated other comprehensive (loss) income and recorded as a loss on the revaluation of investments in other gains (losses) on the condensed interim consolidated statement of operations for the nine months ended September 30, 2015 as management determined the decline in the quoted market price of Primary Gold to be prolonged in nature.

## CONSOLIDATED FINANCIAL RESULTS

Consolidated Mine Operating Results

| (in thousands) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Revenue | **60,664** | 73,337 | **199,605** | 212,956 |
| Cost of operations | | | | |
| Operating expenses, including royalties | **(39,066)** | (50,848) | **(118,688)** | (155,894) |
| Depletion and depreciation | **(9,016)** | (9,906) | **(29,055)** | (29,053) |
| Total cost of operations | **(48,082)** | (60,754) | **(147,743)** | (184,947) |
| Mine operating income | **12,582** | 12,583 | **51,862** | 28,009 |

Revenue for the three months ended September 30, 2015 was $60.7 million compared to $73.3 million in the corresponding quarter of 2014, due to lower gold sold in the most recent quarter and a decrease in the average realized gold price to $1,109 per ounce, down from $1,298. Despite lower ounces sold compared to Q3 2014, operating expenses declined 23.2%, equating to operating cash costs of $715 per ounce sold compared to $898 in the prior year. The decrease in operating expenses is the result of greater productivity at Fosterville, lower fuel costs, general cost reduction initiatives including, hiring freezes and supply tender processes, and the weakened Australian dollar. Mine operating income was $12.6 million in Q3 2015, consistent with Q3 2014, as the decrease in operating costs and lower depletion and depreciation costs were offset by the comparatively lower revenues during the most recent quarter.

Consolidated Expenses

| (in thousands) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Impairment charge | **(472)** | **-** | **(472)** | - |
| Exploration and evaluation | **3,771** | **654** | **7,206** | 1,971 |
| Care and maintenance | **(65)** | **157** | **(1,249)** | 1,396 |
| General and administrative | **1,736** | **1,028** | **3,647** | 3,190 |
| Transaction costs | **15,146** | **-** | **16,653** | - |
| Share-based compensation | **809** | **40** | **1,051** | 175 |
| Other (gains) losses | **(65)** | **(998)** | **2,738** | 4,141 |

As at September 30, 2015, the Company recognized an impairment charge on a non-core tenement in the Northern Territory based on terms contemplated under an agreement entered into subsequent to September 30, 2015. The property was written down to its net carrying value, with an impairment charge of $0.5 million recognized in the condensed interim consolidated statement of operations at September 30, 2015.

Exploration and evaluation expenses of $3.8 million were significantly greater in Q3 2015 compared to Q3 2014, reflecting the Company's continued investment in several growth projects in 2015.

A small recovery was recognized for care and maintenance in Q3 2015 due to the impact of a non-cash adjustment to the rehabilitation liabilities on non-core properties in the Northern Territory. The adjustment was based on a detailed rehabilitation activity and cost review, incorporating updated assumptions and more detailed activity based cost estimates. Excluding the non-cash adjustment, care and maintenance for the quarter was $0.1 million and $0.3 million for the nine months ended September 30, 2015. The elevated care and maintenance costs in 2014 relate to the one-time processing of low-grade stockpiles in the Northern Territory for reclamation purposes.

General and administrative expenses have increased in Q3 2015 over Q3 2014, largely due to a revised corporate structure following the Transaction, resulting in an increased corporate group, a greater capital markets and marketing presence, and additional costs associated with the establishment of the Company's head office in Vancouver, Canada.

Share-based compensation in the third quarter of 2015 increased to $0.8 million compared to $0.04 million in Q3 2014. The increase reflects the impact of the immediate vesting of historical options upon the completion of the Transaction, and the recognition of the fair value over the vesting terms of options and performance share units granted in July 2015.

Transaction costs of $16.7 million (of which $13.4 million are non-cash costs) associated with the Transaction were expensed in the condensed interim consolidated statement of operations for the nine months ended September 30, 2015. Refer to the section "Transaction with Crocodile Gold Corp." for further details.

Finance Items and Income Tax

| (in thousands) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Finance income | **(152)** | (267) | **(770)** | (804) |
| Finance costs | **1,001** | 1,999 | **3,191** | 6,071 |
| Income tax expense | **254** | 1,387 | **1,473** | 2,677 |

Finance costs for the quarter ended September 30, 2015 relate predominantly to the ongoing accretion of the convertible unsecured debentures. Finance costs in Q3 2014 were higher than the current period as they included accretion of the contingent payment liability on the AuRico Gold Inc. net free cash flow sharing arrangement, which was terminated in Q1 2015.

The Company's income tax expense mainly reflects the estimated use of tax pools by the Victorian assets during the periods against taxable income. The Company does not currently recognize tax assets for its Northern Territory operations. Lower deferred tax expense in the current quarter is largely reflective of the foreign exchange impact of the lower Australian dollar in comparison to Q3 2014.

Net Income (Loss)

One-time transactions costs of $15.1 million, equivalent to $0.11 per share, resulted in a net loss of $10.3 million in Q3 2015 or $0.08 per share, compared to net income of $8.6 million or $0.07 per share, in the corresponding quarter of 2014. Additionally, exploration expenses of $3.8 million impacted net income compared to $0.7 million spent in Q3 2104. Despite a lower average realized gold price, mine operating income of $12.6 million was consistent with Q3 2014, as lower revenues were offset by lower operating costs. In the first nine months ended September 30, 2015, net income was $17.5 million or $0.14 per share, a significant increase over net income of $9.2 million or $0.08 per share in the corresponding period of 2014, notwithstanding the impact of one-time transaction costs which equated to $0.14 per share, and a 14.6% drop in the average realized gold price.

*Foreign Exchange*

The reporting currency of Newmarket Gold is the US dollar. In the condensed interim consolidated financial statements, all assets and liabilities are translated into the US dollar at the rate of exchange on the balance sheet date and all revenue and expense items are translated at the average rate of exchange for the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income (loss).

As at September 30, 2015, the Australian dollar was worth $0.7045 (December 31, 2014 – $0.8171; September 30, 2014 – $0.8741) and had an average exchange rate against the US dollar of $0.7251 during Q3 2015 (Q3 2014 – $0.9244). As at September 30, 2015, the Canadian dollar was worth $0.7493 (December 31, 2014 – $0.8620; September 30, 2014 – $0.8929) and had an average exchange rate against the US dollar of $0.7641 during Q3 2015 (Q3 2014 – $0.9184). For the quarter ended September 30, 2015, the Company recorded an unrealized loss on foreign currency translation of $12.6 million compared to $10.6 million during the corresponding period of 2014. The significant change in the period was the result of a significant depreciation of the Australian dollar during the third quarter of 2015.

## LIQUIDITY AND CAPITAL RESOURCES

Newmarket Gold undertakes a detailed budgeting process each year, which is supplemented by a continuous detailed cash forecasting process. The Company is committed to managing liquidity by achieving positive cash flows from each of its operations to fund capital requirements and development projects. The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant accounts payable, capital lease obligations, or other payments that are outstanding past their due dates.

### Working Capital

| (in thousands) | September 30, 2015 | December 31, 2014 |
|---|---|---|
| Cash and cash equivalents | $ 37,204 | $ 33,775 |
| Gold bullion | - | 2,442 |
| Inventories | 19,920 | 20,518 |
| Other current assets | 4,124 | 6,016 |
| **Total current assets** | **$ 61,248** | **$ 62,751** |
| Current liabilities | $ (35,619) | $ (39,191) |
| Current portion of contingent payments | - | (8,733) |
| Current portion of convertible debentures | (1,991) | (2,228) |
| **Total current liabilities** | **$ (38,610)** | **$ (50,152)** |
| **Net working capital** | **$ 22,638** | **$ 12,599** |

At September 30, 2015, the Company had a positive working capital balance of $22.6 million, which included cash and cash equivalents of $37.2 million. The Company's strong operating cash flow results for the nine months ended September 30, 2015 enabled the Company to improve its working capital position from year-end and settle the C$20 million payment to AuRico to terminate the net free cash flowing sharing arrangement without incurring additional debt. The Company has also been able to initiate significant growth projects in 2015, with growth and exploration spending totalling $7.2 million to date.

### Cash Flow

Newmarket Gold generated $11.3 million in cash flow from its operating activities in Q3 2015, a decline of 37.8% compared to the Q3 2014 period. Operating cash flow was impacted by transaction costs associated with the merger between Newmarket and Crocodile Gold and higher exploration and growth expenditure compared to the prior year. Although the Company's average realized gold price sold decreased 14.6% to $1,109 per ounce from $1,298 per ounce in Q3 2014, the Company realized a 20.4% decrease in operating cash costs per ounce to $715 per ounce, from $898 per ounce in Q3 2014, due to an improving grade and recovery profile, a continued focus on productivity improvements and cost reductions, and the impact of the weakened Australian dollar. Solid cash flow from operations has enabled the Company to initiate various growth projects at each of its operations, which included $3.8 million worth of exploration activity in the third quarter of 2015 and $7.2 million in the nine months ended September 30, 2015.

The Company invested $10.2 million in mine development during the quarter, largely at Fosterville and Cosmo, and further invested $3.6 million into plant and equipment. Capital expenditures are relatively comparable to the corresponding quarter of 2014, due to the timing of certain projects and capital development and the weaker Australian dollar. Due to a significant decrease in operating cash costs and robust gold production, all-in sustaining cash costs improved to $1,011 per ounce from $1,233 in Q3 2014, an 18.0% decrease reflecting the overall absolute decrease in the Company's operating costs and a weaker Australian dollar.

The Company assumed cash and restricted cash on the completion of the Transaction totalling $19.5 million. The Company subsequently used $15.8 million of the assumed cash to repurchase Crocodile Gold shares pursuant to the terms of the Transaction, as described in this MD&A and the condensed interim consolidated financial statements for the nine months ended September 30, 2015. The Company also had net cash provided by financing activities totalling $0.6 million associated with the exercise of options and warrants.

**OUTSTANDING SHARE INFORMATION**

The Company's share capital was comprised of the following as at September 30, 2015:

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| **Authorized:** Unlimited number of common shares | | |
| **Issued:** Fully paid common shares | 135,871,424 | 116,860,295 |
| **Issued:** Common share purchase warrants | 21,328,415 | 15,689,589 |

As at the date of this MD&A, the fully paid common shares outstanding of Newmarket Gold was 135,914,903.

On July 10, 2015, the Company completed the Transaction with Newmarket resulting in an amalgamation of the two companies. Pursuant to the Transaction, each Newmarket shareholder received 0.2 Newmarket Gold common shares for each Newmarket common share, and each Crocodile Gold shareholder had the option to elect to receive consideration per Crocodile Gold common share of (i) 0.2456 Newmarket Gold common shares, or (ii) C$0.37 in cash, subject to a maximum aggregate cash consideration of C$20 million.

Upon closing of the Arrangement, Newmarket Gold had 134,220,992 common shares issued and outstanding, with the breakdown comprised of the following on an undiluted basis:

| | Crocodile Gold Shareholders | Newmarket Shareholders | Newmarket Gold Shareholders |
|---|---|---|---|
| Common shares outstanding as at July 10, 2015 | 477,111,983 | 51,590,374 | |
| Crocodile Gold shares tendered for cash | (54,054,054) | - | |
| Net common shares for conversion | 423,057,929 | 51,590,374 | |
| Exchange ratio | 0.2456 | 0.2000 | |
| Newmarket Gold common shares | 103,902,917 | 10,318,075 | 114,220,992 |
| Subscription receipt financing | - | 20,000,000 | 20,000,000 |
| **Newmarket Gold common shares upon closing** | **103,902,917** | **30,318,075** | **134,220,992** |

During the year ended December 31, 2014, 201,392 shares were allocated for issuance from the Company's share compensation plan to directors, officers, and employees of the Company. The allocated shares vested quarterly in four equal instalments, with the fourth and final tranche of 23,639 shares being issued on October 23, 2015.

Of the total share purchase warrants outstanding at September 30, 2015, 4,250,769 were issued in February 2014 as part of a private placement and currently carry an exercise price of C$1.63, expiring February 27, 2016. A further 11,438,820 share purchase warrants were issued in March 2011 at an exercise price of C$9.16 and expire on March 24, 2016. A final 972,160 warrants have an exercise price of C$1.25 and expire on January 10, 2017. On October 4, 2015, 4,666,666 warrants expired unexercised.

The Company has a total of 11,424,584 options outstanding with a weighted average exercise price of C$1.42 and expiration dates ranging from November 23, 2015 to July 15, 2020. Included in these options are 580,000 Newmarket stock options assumed by the Company in connection with the Arrangement. Also included in the total options outstanding are 8,170,000 stock options granted immediately following the closing of the Arrangement, which have an exercise price of C$1.50 and expire in July 2020.

In July 2015, the Company granted a total of 4,118,000 performance share units to directors, employees, and consultants. During the three months ended September 30, 2015, 406,000 performance share units were forfeited, thereby leaving a balance of 3,712,000 performance share units outstanding as of September 30, 2015. The performance share units granted have an expiry of three years from the date of grant and vest based on the 20-day volume weighted average price on the TSX of the Company's shares: (i) as to one-third when the price of the Company's shares is C$2.25 or greater; (ii) as to one-third when the price of the Company's shares is C$3.00 or greater; and (iii) as to one-third when the price of the Company's shares is C$3.75 or greater.

The Company also has outstanding a total of 318,052 phantom share units (PSUs) to certain Australian-based employees, which entitles the holder to a cash payment on exercise based on the market value of the Company's stock on the date of exercise less the strike price of the PSU.

**Subscription Receipt Financing**

Immediately prior to the closing of the Arrangement on July 10, 2015, the proceeds of Newmarket's previously completed C$25 million subscription receipt financing were released from escrow and the underlying Newmarket common shares were issued. As disclosed above, C$20 million of the proceeds were used to fund the cash consideration available for Crocodile Gold shareholders as part of the Arrangement. As part of the private placement, the underwriters received 992,000 broker warrants, each entitling the holder to acquire one Newmarket Gold common share for a period of 18 months following the closing of the Arrangement at a price of C$1.25.

**Convertible Unsecured Debentures**

On April 5, 2013, the Company issued C$34,500,000 of 8% convertible unsecured debentures (the "Debentures") for net proceeds of $31.0 million after accounting for transaction costs of $2.9 million. The Debentures mature on April 30, 2018 and unless converted or redeemed earlier, interest of C$1.38 million is payable semi-annually on April 30 and October 31. As the result of the Arrangement, each Debenture is convertible at the holder's option into common shares at any time prior to maturity at a conversion price of C$1.02. The Debentures may be redeemed by the Company in whole or in part from time to time, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending on the fifth trading day preceding the day prior to the date upon which the notice of redemption is given is at least 150% of the conversion price.

On May 15, 2015, C$9,000 of the convertible debentures was converted into 8,841 common shares of the Company.

**OFF-BALANCE SHEET ITEMS**

As at September 30, 2015, the Company did not have any off-balance sheet items.

**QUARTERLY INFORMATION**

| (in thousands, except ounces and per share amounts) | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 |
|---|---|---|---|---|---|---|---|---|
| Gold produced (oz) | 53,817 | 55,998 | 59,676 | 58,796 | 55,909 | 54,024 | 53,583 | 58,276 |
| Gold sold (oz) | 54,521 | 55,154 | 61,293 | 58,070 | 56,486 | 53,612 | 54,735 | 57,503 |
| Average realized gold price ($/oz) | 1,109 | 1,196 | 1,185 | 1,202 | 1,298 | 1,291 | 1,280 | 1,274 |
| Operating cash costs per ounce sold ($/oz) | 715 | 681 | 683 | 793 | 898 | 965 | 971 | 963 |
| AISC per ounce sold ($/oz) | 1,011 | 1,037 | 983 | 1,098 | 1,233 | 1,316 | 1,307 | 1,257 |
| Revenue | 60,664 | 66,044 | 72,897 | 69,783 | 73,337 | 69,232 | 70,388 | 73,277 |
| Mine operating income | 12,582 | 19,518 | 19,762 | 12,272 | 12,583 | 8,128 | 7,298 | 3,128 |
| Net (loss) income | (10,325) | 12,072 | 15,703 | 10,759 | 8,583 | 3,934 | (3,326) | (23,305) |
| Net (loss) income per share (basic and diluted) | (0.08) | 0.10 | 0.13 | 0.09 | 0.07 | 0.03 | (0.03) | (0.23) |
| Cash flow from operations | 11,345 | 27,071 | 27,486 | 25,281 | 18,232 | 18,184 | 12,459 | 20,532 |
| Total assets | 229,823 | 240,632 | 224,611 | 256,129 | 249,809 | 264,450 | 256,599 | 234,842 |
| Non-current liabilities | 51,495 | 55,055 | 57,188 | 82,197 | 86,192 | 92,957 | 90,307 | 83,480 |

The Company achieved its ninth consecutive quarter of gold production above 53,000 ounces with gold production of 53,817 ounces in Q3 2015 on strong consolidated grade and recovery. Gold sold in the third quarter was slightly lower compared to Q2 2015 due to lower than expected production from Cosmo. Revenue decreased in the current quarter due to the decrease in the average realized price of gold and slightly lower gold sold compared to Q2 2015. Mine operating income decreased in the quarter relative to Q2 and Q1 2015, as lower operating costs were more than offset by reduced revenues. Operating and AISC cash costs continue to decrease relative to historical trends, due to improving grade and recovery profiles, cost reduction initiatives, and the weakening Australian dollar.

One-time transaction costs of $15.1 million and growth exploration expense of $3.8 million impacted net income resulting in a third quarter net loss of $10.3 million compared to net income of $8.6 million in Q3 2014. Net income in Q2 2015 was impacted by the reclassification of a $1.7 million impairment loss on an investment from accumulated other comprehensive loss due to the prolonged nature of the decline in the quoted market price of Primary Gold. Net income in Q1 2014 included a loss on the revaluation of the contingent liability as a result of the change in the expected timing of the cash flows resulting from the dispute resolution with AuRico.

The recognition of an $8.4 million impairment reversal on Fosterville and a loss of $6.0 million recognized on the change in value of the contingent liability impacted net income in Q4 2014. The Company recorded an increase in net income in Q3 2014 from the prior quarter as a result of the increase in revenue over the same period. Net income was improved in Q2 2014 compared to the previous quarter, which included a loss on the revaluation of the contingent liability as a result of the change in the expected timing of the cash flows resulting from the dispute resolution with AuRico. Net income in the first quarter of 2014 improved from the significant net loss in Q4 2013, which was impacted by an impairment charge of $25.5 million.

The decrease in total assets was largely the result of the weakness in the Australian dollar, which dropped to $0.7045 as at September 30, 2015 from a rate of $0.7693 as at June 30, 2015, a decrease of 8.4%. The increase in total assets in Q2 2015, compared to the prior quarter, was due to an increase in cash from the strength of the operational cash flow generated in the quarter and the continued investment in mine development. Total assets decreased in Q1 2015 from Q4 2014 due to the impact of a 6.6% decline of the Australian dollar from December 31, 2014 on the translation of underlying Australian dollar denominated accounts. In addition, mineral properties were reduced by $12.6 million in Q1 2015 as the value attributed to the royalties granted to AuRico during the quarter as part of the consideration for the termination of the net free cash flow sharing arrangement. The increase in total assets between Q4 2013 and the end of 2014 was due to an increase in cash from the private placement financing in February 2014 and the increase in mineral property due to the continued investment in development and resource definition at Cosmo and Fosterville, the permitting of the Big Hill Project, and the impairment reversal on Fosterville, which was partially offset by the weakening of the Australian dollar. The significant decrease in Q4 2013 was the result of total impairment charges for Fosterville and the Northern Territory assets of $25.5 million due to the lower gold price environment.

Non-current liabilities decreased significantly in Q1 2015 as a result of the termination of the net free cash flow sharing arrangement with AuRico and the one-time payment of C$20 million in January 2015. Other changes in non-current liabilities over the past eight quarters relate primarily to the revaluation of the contingent liability with AuRico (now terminated), ongoing accretion of the convertible unsecured debentures, and the impact of the strengthening US dollar on the translation of underlying Australian and Canadian dollar denominated liabilities.

**NON-IFRS MEASURES**

Newmarket Gold has included in this MD&A certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

*Operating Cash Costs per Ounce of Gold* – Newmarket Gold calculates operating cash costs per ounce by deducting silver sales revenue as a by-product from operating expenses per the consolidated statement of operations, then dividing by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation, share-based payments and rehabilitation costs.

*All-In Sustaining Costs per Ounce of Gold* – Newmarket Gold has adopted an all-in sustaining cost performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), capital lease repayments, corporate general and administrative expenses, mine exploration within the known resource, and rehabilitation accretion and amortization related to current operations. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, rehabilitation accretion and amortization not related to current operations, financing costs, debt repayments, share-based compensation not related to operations, and taxes.

The operating cash costs per ounce and all-in sustaining costs per ounce are reconciled to the condensed interim consolidated statement of operations as follows:

| (in thousands, except ounces and per ounce amounts shown) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Operating expense per the condensed interim consolidated statement of operations, including royalties | **39,066** | 50,848 | **118,688** | 155,894 |
| By-product silver sales credit | **(80)** | (102) | **(249)** | (273) |
| **Operating cash costs ($)** | **38,986** | 50,746 | **118,439** | 155,621 |
| Sustaining mine development [(1)] | **10,160** | 15,299 | **33,691** | 42,916 |
| Sustaining capital expenditures, including capital lease payments | **3,862** | 2,250 | **11,319** | 8,531 |
| General and administration costs | **1,736** | 1,028 | **3,647** | 3,191 |
| Rehabilitation – accretion and amortization (operating sites) | **297** | 281 | **827** | 943 |
| Mine exploration | **101** | 63 | **393** | 556 |
| **All-in sustaining cash costs ($)** | **55,142** | 69,667 | **168,316** | 211,758 |
| Gold ounces sold | **54,521** | 56,486 | **170,968** | 164,833 |
| **Operating cash costs per ounce sold ($ / ounce)** | **715** | 898 | **693** | 944 |
| **All-in sustaining cash costs per ounce sold ($ / ounce)** | **1,011** | 1,233 | **984** | 1,285 |

[(1)] Sustaining mine development are defined as those expenditures which do not increase annual gold production at a mine operation and exclude expenditures for growth projects and mine development to commercial production. Total sustaining capital is calculated as follows:

| (in thousands) | **Q3 2015** | Q3 2014 | **YTD 2015** | YTD 2014 |
|---|---|---|---|---|
| Expenditure on mine development per the statement of cash flows | **10,183** | 16,092 | **34,121** | 45,851 |
| Less: Big Hill Project development costs | **(23)** | (793) | **(430)** | (2,935) |
| | **10,160** | 15,299 | **33,691** | 42,916 |

**COMMITMENTS AND CONTINGENCIES**

*(a) Material contracts*

The Company has engaged an independent contractor to provide mining and development services at its Cosmo Gold Mine in the Northern Territory, Australia. The mining contract was executed in March 2014 and carries a two year term with an option for a 12 month extension. The Company may terminate the contract with not less than 30 days' notice, in which case the Company would be liable for a termination payment equal to one-quarter times the previous month's invoice plus any outstanding amounts owing for work completed prior to termination.

The Company has entered into an updated contract for the Northern Territory with the newly deregulated power retail provider in the Northern Territory for a 12 month period beginning on July 1, 2015, extending its previous contract with the then government-regulated power provider under the contract. Under the terms of the contract, the Company is obligated to purchase a minimum annual quantity of electricity regardless of actual consumption. As no such scenario had occurred at September 30, 2015 nor is it likely that such a scenario would eventuate during the term of the contract, no amount has been accrued in the condensed interim consolidated financial statements.

The Company has also entered into a contract for power in the State of Victoria with an independent supplier which provides for electricity for the Fosterville Gold Mine through to December 31, 2016 and Stawell Gold Mines through to December 31, 2015. Under the terms of the contract, the Company is obligated to purchase a minimum annual quantity of electricity regardless of actual consumption. As no such scenario had occurred at September 30, 2015 nor is it likely that such a scenario would eventuate in 2015, no amount has been accrued in the condensed interim consolidated financial statements.

*(b) Environmental bonds*

As at September 30, 2015, the Company had provided performance guarantees totaling $17.1 million to the Northern Territory and Victorian governments relating to the future reclamation and rehabilitation of the Company's mine sites and exploration tenements. The guarantees are secured by cash deposits held with a major Australian bank and are included in restricted cash.

*(c) Northern Territory profits royalty/tax*

All of the Company's tenements within the Northern Territory are subject to a Northern Territory Government profits royalty/tax. The current tax rate is 20% of the net value of mine production, where the net value equals the gross realization from the relevant production unit less the operating costs of the production unit for the year, a capital allowance on eligible capital assets expenditure, eligible exploration expenditure and additional deductions as approved by the relevant Northern Territory Government Minister.

Where the net value is negative, such amount is carried forward into future years to reduce the net value subject to the royalty. As a result of a significant negative net value balance, the Company does not expect to be in a payable position with respect to the royalty and consequently no amount has been accrued in the condensed interim consolidated financial statements.

*(d) Contingent contractual royalty obligations*

As at September 30, 2015, the Company has the following contingent contractual obligations with respect to royalties:

- 2% net smelter return royalty from the Fosterville Gold Mine.
- 1% net smelter return royalty from Stawell Gold Mines, effective January 1, 2016.
- A$2 per ounce royalty payable on gold produced from the Stawell Gold Mines mining license.
- 1% ad valorem royalty on any future gold production above 250,000 ounces derived from the Maud Creek Gold Project.
- A$4 vendor royalty per ounce of gold produced from the Pine Creek tenements.
- 0.5% net smelter return royalty on mineral resources produced from Point Leamington, Newfoundland.

The Company also has royalties payable to various vendors of tenements located outside the currently anticipated mining areas.

With respect to the Maud Creek Gold Project, the Company also has a contingent contractual obligation of a payment of A$2 million that would be due upon a decision to proceed with development of the Maud Creek Gold Project. In addition to the production royalty described above, a further 1% gross royalty and A$5 per ounce royalty are payable on any future gold production from certain tenements from the Maud Creek Gold Project that are located south of the main Maud Creek gold deposit.

The Fosterville Gold Mine is subject to a license fee which enables it to use the patented BIOX process to treat refractory ore from the underground mine. The fee is paid at a rate of A$1.40/ounce of gold produced and treated through the BIOX Plant and terminates when 1,500,000 ounces of gold in aggregate has been treated in the plant. As at September 30, 2015, approximately 962,457 ounces of gold had been treated in the plant.

*(e) Forward Sales Commitments*

In September 2015, the Company locked into forward sales on a delivery basis for 15,000 ounces of its production for the fourth quarter of 2015. The orders were locked in at an average gold price of A$1,619 per ounce, with delivery of the ounces to occur in October and November 2015. Revenue will be recognized at the contractual price upon delivery of the gold under the normal revenue recognition policy.

*(f) Other commitments*

The Company has assumed an office lease for the Company's head office at 200 Burrard Street, Suite 1680, Vancouver, British Columbia. The lease expires in August 2022, with total future minimum undiscounted payments of approximately $2.0 million.

## RELATED PARTY TRANSACTIONS

### Compensation of Key Management of the Company

The remuneration of directors and key executives is determined by the compensation committee of the Board of Directors. The directors' fees, consulting fees and other compensation of directors and key management personnel were as follows during the nine months ended:

| (in thousands) | **September 30, 2015** | September 30, 2014 |
|---|---|---|
| Short-term compensation and benefits | **$ 1,600** | $ 724 |
| Share-based payments | **886** | 174 |
| | **$ 2,486** | $ 898 |

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee.

In connection with the closing of the Arrangement as discussed above, continuation bonuses of C$0.7 million were paid to key management of the Company in July 2015.

### Management Contracts

As at September 30, 2015, minimum commitments upon termination of the existing contracts were approximately $1.5 million and minimum commitments due within one year under the terms of these contracts are $1.3 million. In addition, the Company also is party to various executive and employee contracts that would require payments totalling $1.1 million to be made upon the occurrence of a change of control.

### Investment in JDS Silver

On September 25, 2014, the Company acquired a 19.9% interest in JDS Silver from a private company controlled by Luxor Capital Group LP and its various subsidiaries ("Luxor") for consideration of C$5.6 million. Luxor at the time was the majority shareholder of Crocodile Gold Corp. The Company subscribed for 357,143 additional common shares of JDS Silver on March 3, 2015 for consideration of C$0.5 million. As at the date of this MD&A, the Company's investment represents a 17.1% interest in JDS Silver.

### Other Related Party Disclosure

The Company's former majority shareholder Luxor subscribed for an aggregate of C$5 million units as part of the February 27, 2014 private placement.

The Company retains an option to repurchase a 0.5% net smelter return royalty over the Point Leamington Project from Calibre Mining Corp. ("Calibre"), a company with directors in common with Newmarket Gold.

## RISK FACTORS

The exploration, development and mining of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Newmarket Gold is subject to several financial and operational risks that could have a significant impact on its cash flows and profitability. The most significant risks and uncertainties faced by the Company include: the price of gold; the uncertainty of production estimates, including the ability to extract anticipated tonnes and successfully realize estimated grades; changes to operating and capital cost assumptions; the inherent risk associated with project development and permitting processes; the uncertainty of the mineral resources and their development into mineable reserves; the replacement of depleted reserves; and health, safety and environmental risks.

The Company's ability to generate positive cash flow to generate returns and fund capital requirements and future growth and development is primarily dependent on the price of gold and its ability to meet its production estimates at expected costs. The gold price is impacted by numerous macroeconomic factors outside of the Company's control, including but in no way limited to: global and regional political and economic conditions, supply and demand factors, inflation or deflation expectations, interest rate expectations, and central bank decisions. A sustained decrease in the price of gold would impact the Company's profitability, may result in mineral property write-downs and could eventually result in liquidity difficulties. Furthermore, actual production results may vary from Company estimates due to various factors, including but not limited to: mine dilution, lower than expected grades, recovery issues, stope failures, power outages, weather related matters, or equipment and/or supply shortages. Lower than expected production could impact the Company's ability to generate cash flows to cover the cost of operations and fund sustainable capital expenditures. The Company mitigates the above risks by diligently tracking the gold price and production performance compared to forecast and budget and re-forecasting production plans accordingly so that required financial decisions can be made in a timely manner.

Readers are encouraged to read a full outline and description of the risk factors described in the Company's Annual Information Form for the year ended December 31, 2014 filed on SEDAR under the profile Crocodile Gold Corp. (now Newmarket Gold Inc.).

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company's significant accounting policies are described in Note 2 to the condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 and Note 4 to the consolidated financial statements for the year ended December 31, 2014. The preparation of the consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements and reported amounts of expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets and are based on historical experience and other factors considered relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The critical accounting estimates, assumptions and judgments applied in the preparation of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 are consistent with those applied and disclosed in the consolidated financial statements for the year ended December 31, 2014. For details of these estimates, assumptions and judgments, please refer to the Company's consolidated financial statements for the year ended December 31, 2014, which are available on the Company's website and on SEDAR.

## NEW ACCOUNTING STANDARD ADOPTED

The condensed interim consolidated financial statements were prepared using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 31, 2014, except for the adoption of the following standard amended by the IASB that was effective and adopted as of January 1, 2015:

IFRS 8 *Operating Segments* ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. There was no impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

## ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Recently issued but not adopted accounting guidance includes IAS 1 *Presentation of Financial Statements*, IFRS 9 *Financial Instruments*, and IFRS 15 *Revenue From Contracts With Customers*. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements, and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 *Revenue From Contracts With Customers* ("IFRS 15") proposes to replace IAS 18 *Revenue*, IAS 11 *Construction Contracts,* and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

## CONTROLS AND PROCEDURES

*Disclosure Controls and Procedures*

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate to permit timely decisions regarding public disclosure.

Newmarket Gold's management, including the CEO and CFO, have as at September 30, 2015 designed Disclosure Controls and Procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made known to them by others, particularly during the period in which the interim filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

*Internal Control over Financial Reporting*

Newmarket Gold's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2014. Based on this evaluation, management concluded that the Company's internal control over financial reporting was operating effectively as at December 31, 2014 to provide reasonable assurance the financial information is recorded, processed, summarized and reported in a timely manner. There have been no changes in the Company's internal control over financial reporting during the three and nine months ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

*Limitations of Controls and Procedures*

Newmarket Gold's management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

## CAUTIONARY STATEMENTS

Except for statements of historical fact relating to Newmarket Gold and its predecessor companies (including Crocodile Gold Corp.), certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's expected production from, and the further potential of, the Company's properties; the Company's ability to raise additional funds; the future price of minerals, particularly gold; the estimation of mineral resources and mineral reserves; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral resource and reserve mineral estimates and the realization of such estimates. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include: price volatility of the Company's securities, limited lives of mines, the price of gold and base metals, the need for additional capital, land title issues, exploration development

and operating risks, accuracy of production estimates, accuracy of cost estimates, unexpected events and delays during construction, expansion and start-up, failure of plant, equipment or processes to operate as anticipated,native and aboriginal heritage issues, risks relating to infrastructure, permitting and licenses, government regulation of the mining industry, risks relating to foreign operations, uncertainty in the estimation and realization of mineral resources and mineral reserves, quality and marketability of mineral product, environmental regulation and reclamation obligations, risks relating to the Northern Territory wet season, risks relating to litigation, risks relating to foreign mining tax regimes, insurance and uninsured risks, competition, currency fluctuations, adequacy of financial resources, limited historical production revenues, dependence on outside parties, dependence on key personnel, conflicts of interest, accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

This document uses the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

**QUALIFIED PERSON**

The technical contents of this MD&A have been reviewed and approved by Mark Edwards, MAusIMM (CP), MAIG, General Manager Exploration, a "qualified person" as such term is defined in National Instrument 43-101 ("NI 43-101").