



NEW CAROLIN GOLD CORP.

**Condensed Interim Financial Statements
For the Six Months Ended April 30, 2020 and 2019**

***NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS***

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim financial statements they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the Company's management.

New Carolin Gold Corp.
Condensed Interim Statements of Financial Position
(Unaudited – prepared by management)
Canadian dollars

	April 30, 2020 \$	October 31, 2019 \$
ASSETS		
Current Assets		
Cash	186,284	480,411
Amounts receivable	27,786	330,032
Prepaid expenses	53,199	210,000
	<u>267,269</u>	<u>1,020,443</u>
Exploration and evaluation assets (note 4)	11,217,643	10,820,016
Reclamation bonds (note 4)	220,000	220,000
	<u>11,704,912</u>	<u>12,060,459</u>
LIABILITIES		
Accounts payable and accrued liabilities (notes 8 and 12)	1,787,247	1,932,201
Decommissioning provision (note 4)	220,000	220,000
	<u>2,007,247</u>	<u>2,152,201</u>
EQUITY		
Share capital (note 5)	18,502,976	18,502,976
Share subscriptions	179,700	-
Reserves	2,489,926	2,489,926
Deficit	(11,474,937)	(11,084,644)
	<u>9,697,665</u>	<u>9,908,258</u>
	<u>11,704,912</u>	<u>12,060,459</u>

Nature of operations and going concern (note 1)
 Commitments (note 10)
 Subsequent events (note 11)

Approved on behalf of the board of directors on June 29, 2020

“Kenneth Holmes”
 Kenneth Holmes
 Director

“Robert P. Lunde”
 Director

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

New Carolin Gold Corp.
Condensed Interim Statements of Comprehensive Loss
For the Six Months Ended April 30, 2020 and 2019
(Unaudited – prepared by management)
Canadian dollars

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
EXPENSES				
Consulting fees (note 8)	74,500	61,273	119,499	178,071
Filings and investor relations	107,594	27,253	229,881	134,186
General and administration	8,099	10,356	10,492	14,824
Professional fees (note 8)	23,585	3,582	32,185	18,189
Insurance	(1,586)	1,196	3,410	5,957
	(212,192)	(103,660)	(395,468)	(351,227)
Interest income	5,174	-	5,174	-
Net loss and comprehensive loss for the period	(207,018)	(103,660)	(390,294)	(351,227)
Loss per share, basic and diluted	(0.004)	(0.003)	(0.008)	(0.011)
Weighted average common shares outstanding - basic and diluted	48,761,064	31,777,175	48,761,064	31,114,868

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New Carolin Gold Corp.
Condensed Interim Statements of Changes in Equity
(Unaudited – prepared by management)
Canadian dollars

	Number of Shares	Share Capital \$	Share subscriptions \$	Reserves \$	Reserve Warrants \$	Deficit \$	Total \$
Balance, October 31, 2018	29,317,176	16,693,366	-	2,010,427	446,426	(10,346,767)	8,803,452
Shares issued in respect of private placement of units	2,459,999	369,000	-	-	-	-	369,000
Share issuance costs	-	(10,713)	-	-	2,613	-	(8,100)
Net loss for the period	-	-	-	-	-	(350,227)	(350,227)
Balance, April 30, 2019	31,777,175	17,051,653	-	2,010,427	449,039	(10,696,994)	8,814,125
Shares issued in respect of private placement of units	15,233,889	1,371,050	-	-	-	-	1,371,050
Share issuance costs	-	(94,727)	-	-	30,460	-	(64,267)
Shares issued for purchase of equipment	1,750,000	175,000	-	-	-	-	175,000
Net loss for the period	-	-	-	-	-	(387,650)	(387,650)
Balance, October 31, 2019	48,761,064	18,502,976	-	2,010,427	479,499	(11,084,644)	9,908,258
Share subscriptions received	-	-	179,700	-	-	-	179,700
Net loss for the period	-	-	-	-	-	(390,293)	(390,293)
Balance, April 30, 2020	48,761,064	18,502,976	179,700	2,010,427	479,499	(11,474,937)	9,697,665

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

New Carolin Gold Corp.
Condensed Interim Statements of Cash Flows
For the Six Months Ended April 30, 2020 and 2019
(Unaudited – prepared by management)
Canadian dollars

	2020	2019
	\$	\$
Cash provided by (used in):		
Operating activities:		
Net loss for the period:	(390,293)	(350,227)
Changes in non-cash working capital:		
Prepaid expenses	156,801	15,957
Accounts receivable	302,246	157,580
Accounts payable and accrued liabilities	(144,954)	(31,802)
Cash flows used for operating activities	<u>(76,201)</u>	<u>(208,492)</u>
Investing activities:		
Investment in exploration and evaluation assets	(397,627)	(93,582)
Cash flows used for investing activities	<u>(397,627)</u>	<u>(93,582)</u>
Financing activities:		
Share subscriptions received	179,700	-
Shares issued for cash	-	369,000
Share issuance costs.	-	(8,100)
Cash flows provided by financing activities	<u>179,700</u>	<u>360,900</u>
Increase (decrease in cash	(294,127)	58,826
Cash, beginning of year	480,411	20,154
Cash, end of year	<u>186,284</u>	<u>78,980</u>

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

1. Nature of operations and going concern

New Carolin Gold Corp. is a Canadian resource exploration and development company incorporated in British Columbia. The Company maintains its head office at 104 – 2416 Main Street, Vancouver, BC V5T 3E2.

As at April 30, 2020, the Company holds a 100% interest in the Ladner Gold Project located in southwestern British Columbia. A large portion of the property is subject to a 2% net smelter return and a lesser portion of the property is subject to a 5% net profits interest.

These interim financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenues from operations and has a significant working capital deficiency of \$1,519,977 (October 31, 2019 - \$911,758). The continuing operations of the Company are dependent on its ability to obtain additional financing. As a result there exists a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. Management plans to obtain sufficient working capital from external financing to meet the Company's liabilities and commitments as they become due. The financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

These interim financial statements were approved for issue by the Board of Directors on June 29, 2020.

2. Statement of compliance, basis of preparation

(a) Statement of compliance

These interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended October 31, 2019.

The interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended October 31, 2019.

(b) Basis of preparation

These interim financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual method of accounting, except for cash flow information.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Adoption of new accounting pronouncements and recent developments

New pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the April 30, 2020 reporting period. Management has not yet begun the process of assessing the impact that the new and amended standards will have on the Company's financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

4. Exploration and evaluation assets

	April 30, 2020	October 31, 2019
Acquisition costs		
Balance, beginning of the period	\$ 3,884,511	\$ 3,884,511
Acquisition costs	-	-
Decommissioning provision	-	-
Total acquisition costs, end of the period	3,884,511	3,884,511
Exploration costs		
Balance, beginning of the period	6,935,505	6,406,198
Assay and analysis	29,381	-
Drilling	72,393	59,565
Geological and consulting	59,725	154,077
Property taxes	-	1,898
Site activities	236,128	387,729
Purchase of equipment	-	206,348
Government assistance	-	(280,310)
Total exploration costs, end of the period	7,333,132	6,935,505
Total exploration and evaluation assets, end of the period	\$ 11,217,643	\$ 10,820,016

Ladner Gold Project

In August, 2014, the Company entered into an acquisition agreement ("Agreement") to acquire all rights and title to the mineral claims comprising the Carolin Mine and associated Ladner gold properties, collectively known as the Ladner Gold Project (the "Project") then owned by or under option to Century Mining Corporation ("Century") and under a receivership order with Samson Belair / Deloitte & Touche Inc. ("Receiver"). The Company owned a historic 10% interest in the Project. During the year ended October 31, 2015, as part of the Agreement with and facilitated by the Receiver, the Company exercised Century's existing Tamerlane Option to complete the purchase of a 30% interest in the Ladner Gold Project, making the final payment to acquire Tamerlane's 30% interest. On closing, the Company then controlled a 40% interest in the Project.

In February, 2016, the Company and the Receiver amended the Agreement to reduce the amounts payable and the closing conditions in order to accelerate closing on the remaining 60% interest in the Project. On April 13, 2016, the Company completed the acquisition with the Receiver, acquiring the remaining 60% of the Ladner Gold Project, issuing 2,488,951 common shares to the Receiver and agreeing to grant and pay a 2% Net Smelter Returns royalty ("NSR") on the Project; and 35% of the profits

4. Exploration and evaluation assets (continued)

Ladner Gold Project (continued)

earned and received by the Company from the sale of gold obtained by reprocessing the tailings presently existing on the Project.

The Company has 100% of the legal and beneficial ownership of the 144-square kilometer Ladner Gold Project contiguous land package, which includes the Carolin Mine. A large portion of the property is subject to a 2% net smelter return and a lesser portion of the property is subject to a 5% net profits interest.

In connection with the Project, the Company has a total of \$220,000 placed with the Province of British Columbia in environmental and mining bonds. During the year ended October 31, 2017, the Company recognized a decommissioning provision of \$220,000 equal to the value of the bonds. The timing of the settlement of the obligation cannot be reasonably determined at this time.

On May 1, 2018, the Company sold certain equipment for a price of \$210,000 to help finance the cost of exploration. Additionally, on May 1, 2018, the Company signed an agreement to lease back the equipment for a cost of \$150,000. The Company issued 86,957 shares with a fair value of \$0.18 per share to a third party to satisfy equipment rental payments of \$30,000, resulting in a gain on settlement of debt of \$14,783. On September 6, 2019, the Company purchased equipment for a price of \$200,000, comprised of a cash payment of \$25,000 and the issuance of 1,750,000 shares at a deemed price of \$0.10 per share.

Property option agreement with Crucible Resources Ltd.

On February 11, 2016, the Company entered into an option agreement with Crucible Resources Ltd. (“Crucible”) to acquire the Warkentin Property, whereby the Company can acquire 20 mineral claims covering 30 square kilometers situated near the southern portion of the Ladner Gold Project, under the following terms:

- a) Paying Crucible \$32,000 (paid) in respect of settlement of the previous agreement and to secure the new Option;
- b) The Company can acquire all 20 claims at any time for a total of \$50,000 over five years;
- c) Funds spent on exploration will be factored into the \$50,000 acquisition purchase price; and
- d) Crucible retains a 2% NSR, which the Company may purchase for \$250,000 for the first 1% and \$500,000 for the second 1%.

5. Share capital

a. Authorized

Unlimited common shares without par value.

b. Issued shares

On September 25, 2019, the Company issued 1,750,000 common shares at a deemed price of \$175,000 in connection with the purchase of previously lease operational equipment.

On August 27, 2019, the Company closed a non-brokered private placement and issued 15,233,889 units (“Units”) at a price of \$0.09 per Unit for gross proceeds of \$1,371,050. Each Unit is comprised of one common share and one share purchase warrant (“Warrant”), with each Warrant entitling the holder to purchase one additional common share at a price of \$0.15 per share for a period of thirty-six months from closing.

In connection with the private placement, the Company paid finder’s fees in respect of subscribers introduced to the Company, which consisted of cash payments in the aggregate amount of \$64,267 and the issuance of 449,750 broker warrants (“Broker Warrants”) with each Broker Warrant entitling the holder to purchase one additional common share at a price of \$0.15 per share. 414,750 Broker Warrants are exercisable until the date that is thirty-six months following the closing date. 15,000 Broker Warrants are exercisable until the date that is twenty-four months following the closing date and 20,000 Broker Warrants are exercisable until the date that is twelve months following the closing date.

5. Share capital (continued)

b. Issued shares (continued)

On December 19, 2018, the Company issued 2,459,999 Units at a price of \$0.15 per Unit for gross proceeds of \$369,000. Each Unit consists of one common share of the Company and one share purchase warrant ("Warrant"), with each Warrant entitling the holder to purchase one additional common share at a price of \$0.25 per share for a period of twenty-four months from the date of closing. Finder's fees of \$8,100 and finder's warrants totaling 54,000 warrants were paid on portions of the unit offering, exercisable until the date that is twelve months following the closing date.

c. Warrants

The following table summarizes the Company's warrant transactions:

	Number of warrants	Weighted average exercise price
Balance October 31, 2018	8,144,363	0.46
Issued	18,197,638	0.15
Expired	(5,486,353)	0.89
Balance October 31, 2019	20,855,648	\$ 0.19
Expired	(2,712,010)	0.37
Balance April 30, 2020	18,143,638	\$ 0.16

As at April 30, 2020, the following warrants were outstanding:

Expiry Date	Warrants Outstanding	Exercise Price	Remaining Contractual Life	Number of Warrants Currently Exercisable
December 19, 2020	2,459,999	0.25	0.63 years	2,459,999
August 27, 2020	20,000	0.15	0.32 years	20,000
August 27, 2021	15,000	0.15	1.32 years	15,000
August 27, 2022	15,486,639	0.15	2.32 years	1,648,639
	18,143,638	\$ 0.16	1.80 years	18,143,638

The fair value for the warrants issued to finders during the year ended October 31, 2019 was \$33,073 which was calculated using the Black-Scholes option pricing model based on the following weighted average assumptions for each issuance of warrants respectively: share price on issue date of \$0.15/\$0.13/\$0.13/\$0.13, exercise price of \$0.25/\$0.15/\$0.15/\$0.15, a risk free rate of 1.89%/1.23%/1.23%/1.23%, an expected life of 1 year/3 years/2 years/1 year, an expected annualized volatility of 121%/152%/95.57%/108.82%, and no expectation of dividend payments.

New Carolin Gold Corp.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended April 30, 2020 and 2019
(Unaudited – prepared by management)
Canadian dollars

6. Share-based payments

The Company has adopted an incentive stock option plan (the “Plan”), the essential elements of which provide that options granted under the Plan: 1) may in aggregate not exceed 10% of the Company’s issued and outstanding common shares; 2) can have a maximum term of five (5) years; and 3) must be granted with an exercise price of not less than the market price of the shares (the closing market price on the last day shares are traded prior to the grant date).

The following table summarizes the Company’s stock option transactions:

	Number of options	Weighted average exercise price \$
Balance October 31, 2018	2,795,000	0.48
Cancelled / forfeited	(181,500)	0.50
Balance October 31, 2019	2,613,500	0.48
Cancelled/ forfeited	(1,358,500)	0.38
Balance, April 30, 2020	1,255,000	0.34

The following table summarizes the stock options outstanding at April 30, 2020:

Options Outstanding	Exercise Price (\$)	Remaining Contractual Life	Number of Options Currently Exercisable
70,000	0.36	0.14	70,000
65,000	0.36	0.97	65,000
25,000	0.36	1.12	25,000
25,000	0.36	1.25	25,000
50,000	0.36	1.68	50,000
130,000	0.36	1.72	130,000
75,000	0.40	2.87	75,000
465,000	0.30	3.08	465,000
350,000	0.35	3.26	350,000
1,255,000	0.34	2.74	1,255,000

7. Related party transactions

At April 30, 2020, included in accounts payable and accrued liabilities is \$130,000 (October 31, 2019 – \$233,053) owed to current and former officers and directors for salary capitalized to exploration and evaluation assets, consulting fees and reimbursement of expenses. Amounts due to/from related parties are non-interest bearing, unsecured and have no fixed terms of repayment unless otherwise noted. Fair value cannot be readily determined.

Key management includes the Company’s directors and officers. Compensation awarded to key management for the six months ended April 30, 2020 and 2019 includes:

	April 30, 2020	April 30, 2019
Salaries capitalized to evaluation and exploration assets, consulting fees, director fees, and professional fees	\$ 84,000	\$ 128,455
	\$ 84,000	\$ 128,455

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

8. Capital disclosures

The Company's objectives when managing capital are to:

- (i) Maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
- (ii) Continue the development and exploration of its resource property; and
- (iii) Support expansion plans.

In the management of capital, the Company includes shareholders' equity, term loans and the current portion of loans, if any.

The Company manages its capital structure and makes adjustments to it when the economic and risk conditions of the underlying assets require change. In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debt. The Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operations and growth objectives. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed restrictions.

9. Financial instruments and risk management

Fair value

The Company categorizes its fair value measurements for financial assets and financial liabilities at fair value according to a three level hierarchy which prioritizes the inputs used in the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the overall fair value measurement. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

Level 1: Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Company did not have any financial instruments carried at fair value at April 30, 2020 and October 31, 2019.

Risk management

The Company is exposed, in varying degrees, to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyze the risks faced by the Company.

The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk: Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's cash is deposited at a high credit-worthy financial institution. All of the Company's amounts receivable is with the federal government of Canada and the reclamation bonds are with the provincial government of British Columbia.

Market risk: Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently hold any financial instruments that mitigate this risk.

Liquidity risk: Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy current accounts payable and accrued liabilities of \$1,519,977 (October 31, 2019 - \$911,758) by continuing to finance its activities by raising funds from private equity investments. Even if it has succeeded in financing its activities in the past, management cannot comment on the success of its future fund

9. Financial instruments and risk management (continued)

raising and believes that liquidity risk is high. At April 30, 2020, the Company's accounts payable and accrued liabilities are due on demand or within 30 days.

Global uncertainty: Since November 30, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

10. Commitments

Flow-through share subscription agreements

The Company entered into flow-through share subscription agreements during the year ended December 31, 2008 whereby it was committed to incur on or before December 31, 2009 a total of \$600,000 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada, of which \$290,723 was not fulfilled. An amount totaling \$200,100 has been accrued for the indemnification of shareholders for taxes and penalties related to the unspent portion of the commitment.

The Company entered into flow-through share subscription agreements during the year ended December 31, 2009 whereby it was committed to incur on or before December 31, 2010 a total of \$575,000 of qualifying CEE, of which \$113,764 was not fulfilled. An amount totaling \$75,800 has been accrued for the indemnification.

In addition, Part XII.6 taxes and related interest and penalties of \$128,600 were accrued on the unfulfilled commitments.

11. Subsequent events

- a) On April 24, 2020, the Company announced a 7,000,000 Unit offering at a price of \$0.05 per Unit for gross proceeds of up to \$350,000. Each Unit is comprised of one common share and one common share purchase warrant ("Warrant") with each Warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share for a period of twenty-four (24) months from closing. Proceeds of the Unit offering will be used to continue drilling the Company's Ladner Gold Project and general working capital. The Unit offering closed on May 8, 2020 and the Company issued 6,555,000 Units for gross proceeds of \$327,750. In connection with the Unit offering, the Company paid finder's fees in respect of subscribers introduced to the Company, which consisted of cash payments in the aggregate amount of \$2,120 and the issuance of 42,400 broker warrants ("Broker Warrants"), with each Broker Warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share. The Broker Warrants are exercisable until the date that is twenty-four (24) months following the closing date.
- b) On June 15, 2020, 70,000 stock options, exercisable at a price of \$0.36 per share, expired, unexercised.