

# **OUTCROP GOLD CORP.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the six months ended February 29, 2020**

(Stated in Canadian dollars)

*(unaudited)*

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

**Notice to Reader**

These condensed consolidated interim financial statements of Outcrop Gold Corp. have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditor has not reviewed these condensed consolidated interim financial statements or the related Management Discussion and Analysis.

**OUTCROP GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – stated in Canadian dollars)

	Note	February 29, 2020	August 31, 2019
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 1,284,644	\$ 185,222
Amounts receivable		20,543	13,300
Investments and marketable securities		3,820	5,730
Advances and prepaid expenses		71,299	105,827
		1,380,306	310,079
<b>Equipment</b>		<b>48,706</b>	<b>56,946</b>
<b>Exploration and evaluation assets</b>	5, 6	<b>4,159,478</b>	<b>1,279,792</b>
		\$ 5,588,490	\$ 1,646,817
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	7	\$ 116,570	\$ 191,172
<b>Shareholders' Equity</b>			
Share capital	8	37,732,544	33,624,454
Stock-based reserves	8	7,217,108	7,006,899
Warrant reserves	8	8,364,620	7,343,112
Accumulated other comprehensive loss		(123,347)	(112,715)
Share subscriptions receivable	8	(179,419)	(262,223)
Deficit		(47,539,586)	(46,143,882)
		5,471,920	1,455,645
		\$ 5,588,490	\$ 1,646,817

Nature of operations and going concern 1  
Subsequent Event 13

Approved for issue by the Board of Directors on April 29, 2020.

They are signed on the Company's behalf by:

“Joseph P. Hebert”  
Joseph P. Hebert, Director

“Kevin Nishi”  
Kevin Nishi, Director

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

**OUTCROP GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND**  
**COMPREHENSIVE LOSS**

(Unaudited – stated in Canadian dollars)

	Note	Three months ended		Six months ended	
		February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
<b>Expenses</b>					
Consulting fees	9	\$ 84,495	\$ 139,966	\$ 157,449	\$ 178,911
Depreciation		5,515	3,036	8,311	6,055
Directors' fees		-	14,238	-	28,167
Exploration and evaluation	5, 6	340,778	291,717	672,271	595,625
Foreign exchange		29,096	142,971	(19,983)	125,198
Insurance		5,805	7,386	12,080	13,693
Investor relations		24,778	33,333	24,778	66,666
Office, rent, telephone, sundry		921	8,075	8,876	11,867
Professional fees		90,333	13,024	104,568	23,581
Stock-based compensation		210,208	-	210,208	-
Travel		16,947	105,407	72,437	107,494
Transfer agent, filing and regulatory		29,674	17,799	38,196	19,432
Wages and benefits	9	56,293	30,459	104,623	54,313
		<b>(894,843)</b>	<b>(807,411)</b>	<b>(1,393,814)</b>	<b>(1,231,002)</b>
Interest income		16	51	20	189
Marketable securities, net change to fair value		(1,910)	(1,910)	(1,910)	(4,775)
		<b>(1,894)</b>	<b>(1,859)</b>	<b>(1,890)</b>	<b>(4,586)</b>
<b>Loss for the period</b>		<b>(896,737)</b>	<b>(809,270)</b>	<b>(1,395,704)</b>	<b>(1,235,588)</b>
<b>Items that are or may be reclassified to profit or loss</b>					
Foreign currency translation differences for foreign operations		79,823	26,835	99,871	9,271
<b>Comprehensive loss for the period</b>		<b>\$ (816,914)</b>	<b>\$ (782,435)</b>	<b>\$ (1,295,833)</b>	<b>\$ (1,226,317)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>	<b>\$ (0.09)</b>
<b>Weighted average number of shares outstanding</b>		<b>57,102,103</b>	<b>14,634,730</b>	<b>44,270,109</b>	<b>13,702,558</b>

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

**OUTCROP GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – stated in Canadian dollars)

	Note	Six months ended	
		February 29, 2020	February 28, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period		\$ (1,395,704)	\$ (1,235,588)
Items not involving cash:			
Depreciation		8,311	6,055
Stock-based compensation		210,208	-
Unrealized loss on marketable securities		(1,910)	4,775
Unrealized foreign exchange gain		(801)	(40,377)
Changes in non-cash working capital balances:			
Amounts receivable		(7,242)	(3,061)
Advances and prepaid expenses		34,528	80,157
Accounts payable and accrued liabilities	7	(74,602)	11,595
		(1,227,212)	(1,176,444)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration and evaluation asset acquisitions	5, 6	(197,028)	(24,932)
		(197,028)	(24,932)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share units issued	8b	2,560,000	2,494,284
Share subscriptions received		15,000	-
Share issue costs	8b	(41,099)	(31,838)
		2,533,901	2,462,446
<b>Effect of foreign exchange on cash</b>		(10,239)	44,265
Change in cash during the period		1,099,422	1,305,335
<b>Cash, beginning of period</b>		185,222	200,414
<b>Cash, end of period</b>		\$ 1,284,644	\$ 1,505,749

*Supplemental disclosure with respect to cash flows – Note 12*

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

**OUTCROP GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EQUITY**  
(Unaudited – stated in Canadian dollars)

	Number of Shares	Share Capital	Stock-Based Reserve	Warrant Reserves	Accumulated Other Comprehensive Loss	Share Subscriptions Receivable	Deficit	Total
Balance, August 31, 2018	13,251,754	\$ 32,202,273	\$ 7,006,899	\$ 5,696,054	\$ (76,393)	\$ -	\$ (43,397,935)	\$ 1,430,898
Common shares issued	13,599,260	2,719,852	-	-	-	-	-	2,719,852
Share issue costs	-	(31,838)	-	-	-	-	-	(31,838)
Foreign currency translation adjustment	-	-	-	-	9,271	-	-	9,271
Loss for the period	-	-	-	-	-	-	(1,235,588)	(1,235,588)
Balance, February 28, 2019	26,851,014	\$ 34,890,287	\$ 7,006,899	\$ 5,696,054	\$ (67,122)	\$ -	\$ (44,633,523)	\$ 2,892,595
<b>Balance, August 31, 2019</b>	<b>29,024,928</b>	<b>\$ 33,624,454</b>	<b>\$ 7,006,899</b>	<b>\$ 7,343,112</b>	<b>\$ (112,715)</b>	<b>\$ (262,223)</b>	<b>\$ (46,143,882)</b>	<b>\$ 1,455,645</b>
Common shares issued	49,950,000	4,219,500	-	1,079,000	-	-	-	5,298,500
Common shares returned to treasury	(304,583)	(36,312)	-	(31,492)	-	67,804	-	-
Share subscriptions receivable	-	-	-	-	-	15,000	-	15,000
Share issue costs	600,000	(75,099)	-	(26,000)	-	-	-	(101,099)
Stock-based compensation	-	-	210,208	-	-	-	-	210,208
Foreign currency translation adjustment	-	1	1	-	(10,632)	-	-	(10,630)
Loss for the period	-	-	-	-	-	-	(1,395,704)	(1,395,704)
Balance, February 29, 2019	79,270,345	\$ 37,732,544	\$ 7,217,108	\$ 8,364,620	\$ (123,347)	\$ (179,419)	\$ (47,539,586)	\$ 5,471,920

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

## **OUTCROP GOLD CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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Outcrop Gold Corp. (“Outcrop” or the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol OCG. The corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, BC V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of exploration and evaluation assets primarily in Colombia. These condensed consolidated interim financial statements of the Company for the three and six months ended February 29, 2020 comprise the Company and its subsidiaries. The Company has not placed any of its exploration and evaluation assets into production and is therefore considered to be in the exploration stage.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company’s ability to continue on a going concern basis depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These material uncertainties raise substantial doubt regarding the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect adjustment that would be necessary if the going concern assumption were not appropriate, which could be material.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company’s financing capabilities. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the virus. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these financial statements, these conditions could have a significant adverse impact on the Company’s financial position and results of operations for future periods.

### **2. BASIS OF PRESENTATION**

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#### **a) Statement of compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using the Principles of International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements and, accordingly, should be read in conjunction with the Company’s annual consolidated financial statements for the year ended August 31, 2019.

#### **b) Basis of measurement**

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## **OUTCROP GOLD CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### **2. BASIS OF PRESENTATION** (continued)

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#### **c) Functional and presentation currency**

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21 - *The Effects of Changes in Foreign Exchange Rates*. The functional currency of Outcrop, the parent company, is the Canadian dollar; the functional currency of the Company's US subsidiary, Miranda Gold USA, Inc. is the United States dollar. The functional currency of all of the Company's Canadian subsidiaries is the Canadian dollar, and the functional currency of all of the Colombian branch operations and Colombian simplified share companies is also the Canadian dollar.

#### **d) Use of estimates and judgments**

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2019.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the company as at and for the year ended August 31, 2019.

#### **New standards, interpretations and amendments adopted during the period**

A number of new standards, amendments to standards and interpretations are not yet effective as of February 29, 2020, and have therefore not been applied in preparing these condensed consolidated interim financial statements. None are expected to have a material effect on the financial statements of the Company.

#### **Adoption of IFRS 16 “Leases”**

In January 2016, the IASB issued IFRS 16 – *Leases*, which replaces IAS 17 – *Leases* and its associated interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether a customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low-value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019.

The Company does not have any leases as at September 1, 2019 or February 29, 2020 and therefore the standard has no material effect on the financial statements of the Company.

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: Fair value through profit or loss (“FVTPL”); amortized cost; fair value through other comprehensive income (“FVOCI”).

The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	February 29, 2020		August 31, 2019
Cash	FVTPL	\$	1,284,644	\$ 185,222
Amounts receivable	Amortized cost		1,422	1,443
Marketable securities	FVTPL		3,820	5,730
Advances and prepaid expenses	Amortized cost		425	431
Accounts payable and accrued liabilities	Amortized cost		116,570	191,172

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, advances, and accounts payable approximate their fair value due to their short-term nature. Cash and marketable securities are recorded at fair value and are calculated under the fair value hierarchy and measured using Level 1 inputs.

#### Fair value of cash and marketable securities as at February 29, 2020 and August 31, 2019:

Financial instrument	Quoted prices in active markets for identical assets			Significant other observable inputs	Significant unobservable inputs	Total as at
	Level 1	Level 2	Level 3			
<b>February 29, 2020</b>						
Cash	\$ 1,284,644	\$	\$	\$	\$	1,284,644
Marketable securities	3,820					3,820
Total	\$ 1,288,464	\$	\$	\$	\$	1,288,464
<b>August 31, 2019</b>						
Cash	\$ 185,222	\$	- \$	- \$	- \$	185,222
Marketable securities	5,730		-	-	-	5,730
Total	\$ 190,952	\$	- \$	- \$	- \$	190,952

#### Risk Management

All aspects of the Company’s risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended August 31, 2019.

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 5. ACQUISITION OF SANTA ANA

On January 24, 2020, the Company completed the acquisition of the Santa Ana Project in Tolima, Colombia. Consideration of 24,000,000 common shares of Outcrop were transferred to Cedar Capital Corporation (“Cedar”) at a value of \$0.11 per share in exchange for all of the issued and outstanding shares of Cedar’s wholly owned subsidiary, Malew Overseas S.A. (“Malew”). Malew’s wholly owned subsidiary, Lost City SAS, owns the Santa Ana Project (Note 6(i)).

Transaction costs associated with the transaction included a finders’ fee of 350,000 common shares at a value of \$0.11/share, and other costs of \$143,517.

The acquisition was accounted for as an asset acquisition with the net purchase price paid being allocated to the assets acquired and liabilities assumed as follows:

Cash and cash equivalents	\$	161
Accounts payable and accrued liabilities		(32,530)
Mineral properties (Santa Ana)		2,822,017
	\$	<u>2,789,648</u>

### 6. EXPLORATION AND EVALUATION ASSETS

Outcrop acquires mineral properties through application, staking, and third-party vendors, some of which are subject to net smelter return royalties (“NSR”) or underlying lease payments. Subsequent to the acquisition of mineral properties, the Company may enter into agreements to sell a portion of its interest in its mineral properties to third parties in exchange for exploration expenditures, royalty interests, cash, or share-based payments.

Outcrop cannot guarantee title to all of its exploration and evaluation assets as the properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers, and/or the title may be affected by undetected defects. Certain of the mineral rights held by Outcrop are held under applications for mineral rights and until final approval of such applications is received, Outcrop’s rights to such mineral rights may not materialize and the exact boundaries of Outcrop’s properties may be subject to adjustment.

Exploration and evaluation assets deferred to the condensed consolidated statements of financial position at February 29, 2020 are as follows:

	August 31, 2019	Additions	Recoveries	Transfer to investments	Effect of movement in exchange rates	February 29, 2020
<b>Alaska, USA:</b>						
Renshaw Royalty	\$ 425,635	\$ 53,511	\$ -	\$ -	\$ 4,158	\$ 483,304
<b>Colombia:</b>						
Antares	112,987	-	-	-	-	112,987
Argelia	265,240	-	-	-	-	265,240
Cauca	95,032	-	-	-	-	95,032
Kuntur	20,438	-	-	-	-	20,438
Lyra	20,676	-	-	-	-	20,676
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	-	2,822,017	-	-	-	2,822,017
	<u>854,157</u>	<u>2,822,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,676,174</u>
<b>TOTAL</b>	<b>\$ 1,279,792</b>	<b>\$ 2,875,528</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,158</b>	<b>\$ 4,159,478</b>

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 6. EXPLORATION AND EVALUATION ASSETS (continued)

	August 31, 2018	Additions	Recoveries	Transfer to investments	Effect of movement in exchange rates	August 31, 2019
<b>Alaska, USA:</b>						
Renshaw Royalty	\$ 310,316	\$ 109,354	\$ -	\$ -	5,965	\$ 425,635
<b>Colombia:</b>						
Antares	112,987	-	-	-	-	112,987
Argelia	265,240	-	-	-	-	265,240
Cauca	7,664	87,368	-	-	-	95,032
Kuntur	20,438	-	-	-	-	20,438
Lyra	20,676	-	-	-	-	20,676
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
	766,789	87,368	-	-	-	854,157
<b>TOTAL</b>	\$ 1,077,105	\$ 196,722	\$ -	\$ -	5,965	\$ 1,279,792

#### Exploration and evaluation expenditures

Exploration and evaluation expenditures recorded in profit or loss for the six months periods ended February 29, 2020 and February 28, 2019 are as follows:

	Six months ended February 29, 2020			Six months ended February 28, 2019		
	Exploration expenditures	Recoveries from funding partners	Net exploration expenditures	Exploration expenditures	Recoveries from funding partners	Net exploration expenditures
<b>Colombia:</b>						
Antares	3,315	-	3,315	50,767	-	50,767
Argelia	3,315	-	3,315	17,895	-	17,895
Cauca	9,945	-	9,945	197,000	-	197,000
Kuntur	3,315	-	3,315	20,890	-	20,890
Lyra	3,315	-	3,315	44,776	-	44,776
Mallama	10,038	-	10,038	91,759	-	91,759
Oribella	10,131	-	10,131	55,970	-	55,970
Santa Ana	517,463	-	517,463	-	-	-
General exploration	111,434	-	111,434	116,568	-	116,568
<b>TOTAL</b>	\$ 672,271	\$ -	\$ 672,271	\$ 595,625	\$ -	\$ 595,625

## **OUTCROP GOLD CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### **6. EXPLORATION AND EVALUATION ASSETS** *(continued)*

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#### **ALASKA, UNITED STATES:**

##### **a) Renshaw Royalty purchase**

On September 14, 2015, the Company reached an agreement with Mr. Daniel Renshaw (“Renshaw”) for the purchase of his 3.3% royalty held on the Willow Creek, Alaska project. Outcrop and Renshaw have separated the Renshaw royalty into the area that covers the patented mining claims on the west side of the project (the “A’ Royalty”) and the area that covers the patented mining claims on the east side of the project (the “B’ Royalty”). The ‘A’ Royalty covers the area that is expected to be initially developed, including the Coleman resource. The ‘B’ Royalty covers ground that is prospective for exploration including the Bullion Mountain target areas.

Outcrop has agreed to purchase up to 100% of the ‘A’ Royalty in a series of seven (7) contracts with each subsequent contract contingent on the prior contract being paid in full. Pursuant to each contract, Outcrop will purchase 0.4% to 0.5% of the ‘A’ royalty for each cumulative US\$143,000 paid at the rate of US\$5,000 per month plus interest, with the first payment commencing on October 31, 2015.

As each contract is paid, Outcrop will register its ownership of the ‘A’ Royalty purchased. If Outcrop does not complete payment of any contract, the remainder of the ‘A’ Royalty will remain with Renshaw. The seven contracts are set to execute over an aggregate period of up to 200 months, but such contracts and payments can be accelerated and paid in full at any time, providing that Outcrop pays Renshaw the full payment of an aggregate US\$1,000,000 of principal so that Outcrop will have purchased the entirety of the 3.3% ‘A’ Royalty.

In addition, Renshaw has agreed to grant Outcrop the option to purchase the ‘B’ Royalty, which option may be exercised at any time provided that the ‘A’ Royalty contracts are not in default. Outcrop may purchase up to 100% of the ‘B’ Royalty for the aggregate amount of US\$500,000 in principal to be paid under terms, conditions and instalments that are consistent with those of the ‘A’ Royalty.

As at February 29, 2020, the Company has paid \$483,304, including interest (August 31, 2019 - \$425,635) towards the purchase of the ‘A’ Royalty contracts, representing a 0.4% royalty, all of which is being capitalized as exploration and evaluation assets.

In March 2020, the Company terminated all future earn-in payments and will retain the 0.4% Renshaw Royalty.

#### **COLOMBIA:**

##### **b) Antares Project**

On October 9, 2015, the Company executed an option agreement (the “Antares Option”) by and among Activos Mineros de Colombia S.A.S. (“AMC”), the Company, the Company’s subsidiary Miranda Gold Colombia II Ltd. (“MAD II”), and the Colombian Branch of MAD II to acquire the Antares property with minimum operation payments and a share issuance by the Company due according to the schedule below. Upon commencing commercial production (as defined in the agreement), the minimum operation payments will cease and the payment of a 1.8% NSR will commence.

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 6. EXPLORATION AND EVALUATION ASSETS (continued)

The Company must meet the following schedule to maintain the option:

Antares Option Due Dates	Minimum Operation Payments Payable (in US dollars)	Common Shares to be Issued to AMC
October 9, 2015 (paid)	\$ 60,000	-
October 9, 2016 (paid)	60,000	-
Upon registration of the Mining Concession Contract for the Antares property (payable 30-days subsequent)	70,000	-
Upon the first anniversary of the registration of the Mining Concession Contract (“Registration Date”)	80,000	150,000
Upon the second anniversary of the Registration Date	90,000	-
Upon the third anniversary of the Registration Date	100,000	-
Upon the fourth anniversary of the Registration Date	120,000	-
Upon the fifth anniversary of the Registration Date	120,000	-
Upon the sixth anniversary of the Registration Date, and for each successive anniversary	150,000	-

Further, to maintain the Antares Option, a schedule of work commitment expenditures must be made, beginning within the first two years following the Registration Date as follows:

Antares Option Work Commitment Due Dates	Minimum Exploration Expenditures (in US dollars)	Cumulative Exploration Expenditures (in US dollars)
Within the first two years of the Registration Date	\$ 200,000	\$ 200,000
During the third year following the Registration Date	200,000	400,000
During the fourth year following the Registration Date	300,000	700,000
During the fifth year following the Registration Date	300,000	1,000,000
During the sixth year following the Registration Date	500,000	1,500,000
During the seventh year following the Registration Date	500,000	2,000,000

The above minimum exploration expenditure schedule may be suspended for up to two years in any period in which the Company does not have a suitable joint venture partner funding expenditures on the project.

#### c) Argelia Project

On June 15, 2017, the Company executed an option agreement (the “Argelia Option”) by and among Bullet Holding Corp. (“Bullet”), Esquimal S.O.M. (“Esquimal”), and the Company to acquire the Argelia property, consisting of three applications.

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 6. EXPLORATION AND EVALUATION ASSETS (continued)

The terms of the Argelia Option require that Outcrop make the following series of payments and a share issuance – all conditional on the occurrence of the following events:

Argelia Option Events	Payments Payable (in US dollars)	Common Shares to be Issued
By June 22, 2017 (paid)	\$ 100,000	-
Upon TSX-V approval of the issuance of 1,624,270 Outcrop shares (issued)	-	162,427
Upon conversion of the applications to titles	100,000	-
Upon receipt of approval for forestry subtraction – or – Outcrop making drill applications for any of the titles	100,000	-
Upon receipt of drill permits	100,000	-
Upon announcement of an NI 43-101 resource of >500,000 oz/au total in all categories (M+I+I)	250,000	-
One year from the announcement of an NI 43-101 resource of >500,000 oz/au	250,000	-

A residual net profits interest (“NPI”) of 4% - or – an NSR of 1.5%, whichever is greater, will be payable to the vendor until US\$6,000,000 has been paid, at which time an NSR of 1.5% will be payable for the life of the mine.

#### d) Cauca Project

On June 18, 2018, the Company executed an option agreement to acquire Poliandes S.A.S. (“Poliandes”), a Colombian company with pending applications on the Cauca project, an advanced gold-copper project in the Almaguer Mining District of southern Colombia, which consists of one title and one application.

The option agreement to earn up to 100% of the Cauca Project through the acquisition of further interests in Poliandes in three phases is as follows:

#### i) To acquire the first 50% undivided interest in the Cauca Project:

Performance Date	Annual Expenditure Amount (in US dollars)	Cumulative Expenditure Amount (in US dollars)
First anniversary of Effective Date (completed)	\$ 250,000	\$ 250,000
Second anniversary of Effective Date	750,000	1,000,000
Third anniversary of Effective Date	2,000,000	3,000,000
Fourth anniversary <sup>(1)</sup> of Effective Date	2,000,000	5,000,000

<sup>(1)</sup> Payment date may be extended up to 12 months with payment of US\$500,000.

Also included in the earn-in is a commitment to core drill up to 12,000 meters, to be completed during the first earn-in period.

Subsequent to Outcrop’s exercise of the first option, the vendor shall be entitled to a 1.5% NSR royalty (the “Base Royalty”) on any gold or gold equivalent ounces in excess of one million ounces produced from the property.

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 6. EXPLORATION AND EVALUATION ASSETS (continued)

#### ii) To acquire the second 19% undivided interest in the Cauca Project:

Performance Date	Annual Expenditure Amount (in US dollars)	Cumulative Expenditure Amount (in US dollars)
First anniversary of the exercise of first option	\$ 2,000,000	\$ 7,000,000
Second anniversary of the exercise of the first option	4,500,000	11,500,000

Also included is a commitment to core drill up to 15,000 meters, to be completed during the second earn-in period, for a total commitment of 27,000 meters.

#### iii) To acquire the final 30% undivided interest in the Cauca Project:

Performance Date	Performance Criteria
First anniversary of the exercise of second option	Delivery of an NI 43-101 Preliminary Economic Assessment (“PEA”), with the cost borne entirely by Outcrop.
Maximum of 120 days following the delivery of the PEA	Delivery of a notice of intent to purchase the remaining 30%.
Maximum of 90 (or 180) days following the delivery of the intent to purchase	Agreement as to the total fair market value (“FMV”) of the Cauca Project, within 90 days to be mutually determined. Failing mutual agreement, FMV to be determined through the use of an independent professional valuation expert, who may be given an additional 90 days to produce the final FMV report, as needed.
Maximum of 60 days following the FMV agreement or delivery of the final FMV report on the Cauca Project	Payment of the pro-rata portion of the FMV, in cash. Payment of a 1.5% NSR royalty on all gold and gold equivalent ounces of production from the property ( <i>replacing the Base Royalty</i> ), beginning from the FMV agreement closing date and continuing for the life of the mine.

In addition, there will be a payment due to the vendor based upon either Outcrop’s Maiden NI 43-101 Technical Report, or Outcrop’s Maiden internal resource estimate, either of which must contain an estimate of measured, indicated, and/or inferred gold resources on the property (the “Resource Bonus”). The payment of the Resource Bonus shall be calculated as USD\$5.00 per ounce of gold or gold equivalent of such resources to a maximum of USD\$4,500,000. The Resource Bonus shall be payable in two tranches: the first 50% shall be due on the date of the exercise of the first option, and the second 50% shall be due 12 months later.

#### e) Kuntur Project

The Company has applied to the Agencia Nacional de Mineris (“ANM”) for several separate titles comprising the Kuntur Project, located in the Quebradona (Nuevo Chaquiro) District in Colombia. Outcrop paid approximately \$20,300 for these applications and is currently seeking conversion to titles.

## **OUTCROP GOLD CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### **6. EXPLORATION AND EVALUATION ASSETS (continued)**

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#### **f) Lyra Project**

The Company has applied to the ANM for several separate titles comprising the Lyra Project, located in the Department of Antioquia, Colombia. Outcrop paid approximately \$20,500 for these applications and is currently seeking conversion to titles.

On July 31, 2018, the Company signed an option agreement (the “Agreement”) that allows Newmont Goldcorp Corporation (“Newmont Colombia”) to earn up to a 70% interest in Outcrop’s Lyra Project.

Outcrop will operate a prospecting program funded by Newmont Colombia on Lyra totaling US\$6,000,000 over 18 months or less, unless the applications are converted to concession contracts before the end of 18 months. Conversion of all applications to concession contracts will trigger a decision by Newmont Colombia as to whether they want to earn into the project, although Newmont Colombia may elect to terminate the Agreement at any time.

Upon successful conversion of the Lyra applications to concession contracts, and an election to earn into the project, Newmont Colombia shall incur a minimum of USD\$3,000,000 in qualifying expenditures over the course of the subsequent four years to earn-in and vest into 51% of the Lyra Project (the “Initial Earn-In”).

Upon successful completion of the Initial Earn-In, Newmont Colombia and Outcrop shall form a joint venture mining company whereby Newmont Colombia shall have an initial 51% interest and Outcrop shall have a 49% interest. Newmont Colombia shall then have the right to earn an additional 19% interest, for an aggregate 70% interest in the joint venture, by funding an additional US\$7,000,000 in qualifying expenditures over the course of the subsequent four years.

During Q1 2020, Newmont has suspended work and asked Outcrop Gold to suspend field work until such time as security concerns are resolved to the satisfaction of Newmont. In Q2 2020, Newmont terminated the agreement and withdrew from the project.

#### **g) Mallama Project**

On August 31, 2017, Outcrop completed the acquisition of the Mallama Project (“Mallama”) by an outright purchase of 100% of the shares of the Colombian simplified share company, Minera Mallama S.A.S. (“Mallama SAS”).

During the fiscal year ended August 31, 2017, Outcrop paid a total of \$298,216 in outstanding fees due to ANM prior to the final effective date of the purchase. Upon receipt of suitable drill permits on Mallama, without any future time constraint, Outcrop is required to make an additional payment of US\$200,000 to the former shareholders of Mallama SAS. An NSR of 4% will be payable to the former shareholders, with a minimum of US\$1,000,000 payable within three years of the commencement of commercial production, capped at US\$4,000,000 over the life of the mine.

#### **h) Oribella Project**

On May 13, 2014, the Company acquired the Oribella Project in the Antioquia Department of Colombia through a purchase agreement with Antioquia Gold Inc. (“Antioquia Gold”). The Oribella Project comprises one exploration license and one application. Outcrop has subsequently expanded the Oribella land package contiguously.

Oribella is subject to a 0.5% royalty to Antioquia Gold that can be purchased for US\$1,500,000 and a 2% royalty to Barrick Gold. Outcrop acquired the property, subject to the royalties, by making the license *canon* payment on May 14, 2014 of \$62,715, and will also reimburse Antioquia Gold for the application payment of COP 101,136,976 (approximately US\$35,000) when the property is registered with the ANM as a contract.

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 6. EXPLORATION AND EVALUATION ASSETS (continued)

#### i) Santa Ana Project

On January 24, 2020, the Company acquired 100% of Santa Ana project (Note 5), which is 3,538 ha and is located in the Municipality of Falan, Tolima Department, Colombia, approximately 15 km southeast of the town of Mariquita, and 190 km from Bogota, Colombia's capital city.

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at February 29, 2020	As at August 31, 2019
Trade and other payables in Canada	\$ 68,506	\$ 126,354
Trade and other payables in the USA	13,449	1,661
Trade and other payables in Colombia	31,728	36,958
Amounts payable and accrued liabilities to related parties (Note 9)	2,887	26,199
Total	\$ 116,570	\$ 191,172

### 8. SHARE CAPITAL

Effective February 7, 2019, the Company consolidated its common shares on a 10:1 basis. These condensed consolidated interim financial statements reflect the share consolidation retroactively.

#### a) Authorized

An unlimited number of common shares without par value.

#### b) Share Issuance

At February 29, 2020, the Company had 79,270,345 common shares issued and outstanding (August 31, 2019 – 29,024,928) and \$179,419 in share subscriptions receivable was outstanding and recorded as a reduction of Shareholders' Equity.

During the six months ended February 29, 2020, the Company closed five tranches of a non-brokered private placement consisting of 25,600,000 units at a price of \$0.10 per unit for gross proceeds of \$2,560,000. Each unit consists of one common share and one share purchase warrant, each warrant exercisable into a common share at a price of \$0.20 per share for a period of five years. The proceeds of the financing were allocated on a relative fair value basis as \$1,507,000 to common shares and \$1,053,000 to warrants.

The assumptions used in the Black-Scholes Option Pricing Model for the relative fair value allocation were an expected life of 5 years, an expected dividend of \$nil, and:

	Nov 7, 2019	Nov 29, 2019	Jan 6, 2020	Feb 6, 2020	Feb 26, 2020
Risk-free interest rate	1.59%	1.49%	1.58%	1.39%	1.21%
Expected volatility	101.69%	104.35%	99.17%	94.59%	109.91%

Cash share issuance costs of \$41,099 were paid in relation to the private placement, in addition to an issuance of 600,000 units, each unit consisting of one common share and one share purchase warrant (valued at \$34,000 and \$26,000, respectively using the Black-Scholes Option Pricing Model assumptions above).

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended February 29, 2020

(Unaudited – Stated in Canadian dollars)

### 8. SHARE CAPITAL (continued)

In addition, 24,000,000 common shares at a fair value of \$0.11 per share were issued as consideration on January 24, 2020 for the acquisition of Malew Overseas S.A. (Note 5 and 6(i)) and an additional 350,000 common shares were issued at a fair value of \$0.11 per share as a finders' fee related to the transaction.

During the six months ended February 29, 2020, the Company returned 304,583 common shares to treasury related to the previous private placements.

#### c) Stock Options Outstanding

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of a fixed number of not more than 1,049,189 options to acquire common shares to its directors, officers, employees, and consultants. The vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The continuity for stock options for the six months ended February 29, 2020 is as follows:

Number Outstanding Aug 31, 2019	Granted	Exercised	Expired/ Cancelled	Number Outstanding Feb 29, 2020	Exercise Price per Share	Expiry Date	Weighted Average Remaining Contractual Life (in years)
66,000	-	-	(66,000)	-	\$1.45	Sep 3, 2019	-
10,000	-	-	(10,000)	-	\$1.45	Feb 16, 2020	-
107,500	-	-	-	<b>107,500</b>	\$1.20	Jan 28, 2021	0.92
30,000	-	-	-	<b>30,000</b>	\$1.20	Apr 25, 2021	1.15
202,500	-	-	-	<b>202,500</b>	\$0.90	Jan 25, 2022	1.91
-	6,350,000	-	-	<b>6,350,000</b>	\$0.10	Feb 7, 2025	4.95
416,000	6,350,000	-	(76,000)	<b>6,690,000</b>	\$0.10	(weighted average)	4.77
			Exercisable	<b>1,927,500</b>	\$0.10	(weighted average)	4.34

As at February 29, 2020, 1,927,500 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.10.

The continuity for stock options for the year ended August 31, 2019 is as follows:

Number Outstanding Aug 31, 2018	Granted	Exercised	Expired/ Cancelled	Number Outstanding Aug 31, 2019	Exercise Price per Share	Expiry Date	Weighted Average Remaining Contractual Life (in years)
52,250	-	-	(52,250)	-	\$1.55	Oct 17, 2018	-
66,000	-	-	-	<b>66,000</b>	\$1.45	Sep 3, 2019	0.01
10,000	-	-	-	<b>10,000</b>	\$1.45	Feb 16, 2020	0.46
107,500	-	-	-	<b>107,500</b>	\$1.20	Jan 28, 2021	1.41
30,000	-	-	-	<b>30,000</b>	\$1.20	Apr 25, 2021	1.65
202,500	-	-	-	<b>202,500</b>	\$0.90	Jan 25, 2022	2.41
468,250	-	-	(52,250)	<b>416,000</b>	\$1.10	(weighted average)	1.66
			Exercisable	<b>416,000</b>	\$1.10	(weighted average)	1.66

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended February 29, 2020

(Unaudited – Stated in Canadian dollars)

### 8. SHARE CAPITAL (continued)

#### Stock-Based Compensation:

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes option pricing model.

There were 6,350,000 stock options granted during the six months ended February 29, 2020 and nil during the fiscal year ended August 31, 2019. Option granted during the period vest 25% on the grant date and 25% each 3 months thereafter.

The assumptions used in the Black-Scholes Option Pricing Model for the relative fair value allocation were a risk-free interest rate of 1.34%, expected volatility of 147.76%, expected life of 5 years, and expected dividend of \$nil.

#### d) Share Purchase Warrants

The continuity for share purchase warrants for the six months ended February 29, 2020 is as follows:

Number Outstanding Aug 31, 2019	Granted	Exercised	Expired/ Cancelled	Number Outstanding Feb 29, 2020	Exercise Price	Expiry Date	Weighted Average Remaining Life (in years)
2,914,056	-	-	-	<b>2,914,056</b>	\$1.20	Jun 23, 2021	1.32
2,751,250	-	-	-	<b>2,751,250</b>	\$1.20	Mar 9, 2022	2.02
13,599,260	-	-	-	<b>13,599,260</b>	\$0.40	Feb 22, 2024	3.98
2,230,754	-	-	-	<b>2,230,754</b>	\$0.40	Apr 17, 2024	4.13
-	26,200,000	-	-	<b>26,200,000</b>	\$0.20	Nov 7, 2024	4.69
21,495,320	26,200,000	-	-	<b>47,695,320</b>	\$0.39	(weighted average)	4.10

The continuity for share purchase warrants for the year ended August 31, 2019 is as follows:

Number Outstanding Aug 31, 2018	Granted	Exercised	Expired/ Cancelled	Number Outstanding Aug 31, 2019	Exercise Price	Expiry Date	Weighted Average Remaining Life (in years)
2,914,056	-	-	-	<b>2,914,056</b>	\$1.20	Jun 23, 2021	1.81
2,751,250	-	-	-	<b>2,751,250</b>	\$1.20	Mar 9, 2022	2.52
-	13,599,260	-	-	<b>13,599,260</b>	\$0.40	Feb 22, 2024	4.48
-	2,230,754	-	-	<b>2,230,754</b>	\$0.40	Apr 17, 2024	4.63
5,665,306	15,830,014	-	-	<b>21,495,320</b>	\$0.61	(weighted average)	3.88

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended February 29, 2020  
(Unaudited – Stated in Canadian dollars)

### 9. RELATED PARTY TRANSACTIONS

- a) The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

Name	Nature of Transactions
Calibre Capital Corp. ("Calibre")	Consulting as CFO
DKT Geosolutions Inc. ("DKT")	Consulting as VP Exploration
Goldnor Global Management Inc. ("GGMI")	Consulting as CFO, Corporate Secretary, corporate compliance services and financial reporting ( <i>terminated in October 2018</i> )
RIP Services Inc. ("RIP")	Consulting as CFO ( <i>terminated in December 2019</i> )
Slater Corporate Services Corporation ("Slater")	Consulting Fees, Corporate Secretary, corporate compliance services and financial reporting

The Company incurred the following fees in connection with companies owned or partially owned by key management (CEO, CFO, Corporate Secretary) and/or Directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

For the six months ended	February 29, 2020	February 28, 2019
Consulting fees – Calibre	\$ 28,665	\$ -
Consulting fees – DKT	17,378	-
Consulting fees – GGMI	872	48,822
Consulting fees – RIP	8,400	16,800
Consulting fees – Slater	55,062	-
Total	\$ 110,376	\$ 60,622

- b) Compensation of directors and members of key management personnel:

The remuneration of directors and members of key management personnel, including amounts disclosed in *Note 9(a)*, during the six months ended February 29, 2020 and February 28, 2019 were as follows:

For the six months ended	February 29, 2020	February 28, 2019
Consulting fees	\$ 110,376	\$ 50,370
Wages and benefits <sup>(1)</sup>	-	130,051
Directors fees	-	28,167
Total	\$ 110,376	\$ 208,588

<sup>(1)</sup> A portion of wages and benefits are included in exploration and evaluation expenditures.

### 10. SEGMENTED DISCLOSURE

The Company operates in the mineral exploration sector within Colombia.

*Note 6* provided disclosure as to the geographic location of equipment and of exploration and evaluation assets and expenditures.

## OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended February 29, 2020

(Unaudited – Stated in Canadian dollars)

### 11. MANAGEMENT OF CAPITAL

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The Company manages its common shares, stock options and warrants as capital (*Note 8*). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions.

### 12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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For the six months ended	February 29, 2020	February 28, 2019
<b>Non-cash investing and financing activities:</b>		
Fair value of shares issued for exploration and evaluation assets	\$ 2,678,500	\$ -
<b>Interest received</b>	\$ 20	\$ 189

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### 13. SUBSEQUENT EVENT

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On April 29, 2020, 900,000 units related to the share subscription receivable \$179,419 were returned and cancelled. Each unit consists of one common share of the Company and one common share purchase warrant.