

OUTCROP GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended May 31, 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	May 31, 2020	August 31, 2019
ASSETS			
Current			
Cash		\$ 286,087	\$ 185,222
Amounts receivable		19,379	13,300
Investments and marketable securities		1,910	5,730
Advances and prepaid expenses		200,420	105,827
		507,796	310,079
Equipment		47,210	56,946
Royalty	5	503,085	425,635
Exploration and evaluation assets	6, 7	3,676,174	854,157
		\$ 4,734,265	\$ 1,646,817

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	8	\$ 91,366	\$ 191,172
		91,366	191,172

Shareholders' Equity

Share capital	9	37,646,180	33,624,454
Stock-based reserves	9	7,461,089	7,006,899
Warrant reserves	9	8,271,565	7,343,112
Accumulated other comprehensive loss		(233,937)	(112,715)
Share subscriptions receivable	9	-	(262,223)
Deficit		(48,501,998)	(46,143,882)
		4,642,899	1,455,645

		\$ 4,734,265	\$ 1,646,817
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Nature of operations and going concern	1
Subsequent Events	14

Approved for issue by the Board of Directors on July 30, 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)

	Not e	Three months ended		Nine months ended	
		May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Expenses					
Consulting fees	10	\$ 99,450	\$ 54,790	\$ 256,899	\$ 233,701
Depreciation		4,194	3,041	12,505	9,096
Directors' fees		-	14,665	-	42,832
Exploration and evaluation	6, 7	406,848	555,109	1,079,119	1,150,734
Foreign exchange		46,326	53,172	26,343	178,370
Insurance		5,805	6,312	17,885	20,005
Investor relations		36,274	33,333	61,052	99,999
Office, rent, telephone, sundry		7,668	10,314	16,544	22,181
Professional fees		15,858	25,889	120,426	49,480
Stock-based compensation		243,981	-	454,189	-
Travel and promotion		27,489	231,590	99,926	339,084
Transfer agent, filing and regulatory		9,883	11,397	48,079	30,829
Wages and benefits	10	56,732	24,281	161,355	78,594
		(960,508)	(1,023,903)	(2,354,322)	(2,254,905)
Interest income		6	18	26	207
Marketable securities, net change to fair value		(1,910)	-	(3,820)	(4,775)
		(1,904)	18	(3,794)	(4,568)
Loss for the period		(962,412)	(1,023,885)	(2,358,116)	(2,259,473)
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		21,350	17,964	121,221	27,235
Comprehensive loss for the period		\$ (941,062)	\$ (1,005,921)	\$ (2,236,895)	\$ (2,232,238)
Basic and Diluted loss per share		\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.09)
Weighted average number of shares outstanding		78,370,345	45,092,998	55,719,823	24,281,021

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	Nine months ended	
		May 31, 2020	May 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		\$ (2,358,116)	\$ (2,259,473)
Items not involving cash:			
Depreciation		12,505	9,096
Stock-based compensation		454,189	-
Unrealized loss on marketable securities		3,820	4,775
Unrealized foreign exchange gain		(142,732)	(28,224)
Changes in non-cash working capital balances:			
Amounts receivable		(6,078)	(6,301)
Advances and prepaid expenses		(94,593)	120,690
Accounts payable and accrued liabilities	8	(99,806)	73,264
		(2,230,811)	(2,086,173)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation asset acquisitions	6, 7	(143,517)	(24,932)
Royalty	5	(61,106)	-
		(204,623)	(24,932)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share units issued	9b	2,560,000	2,957,629
Share subscriptions received		15,000	-
Share issue costs	9b	(41,099)	(75,459)
		2,533,901	2,882,170
Effect of foreign exchange on cash		2,398	49,764
Change in cash during the period		98,467	820,829
Cash, beginning of period		185,222	200,414
Cash, end of period		\$ 286,087	\$ 1,021,243

Supplemental disclosure with respect to cash flows – Note 13

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	15,773,174	3,219,852	-	-	-	-	-	3,219,852
Share issue costs	-	(91,665)	-	16,206	-	-	-	(75,459)
Foreign currency translation adjustment	-	-	-	-	27,235	-	-	27,235
Loss for the period	-	-	-	-	-	-	(2,259,473)	(2,259,473)
Balance, May 31, 2019	29,024,928	\$ 35,330,460	\$ 7,006,899	\$ 5,712,260	\$ (49,158)	\$ -	\$ (45,657,408)	\$ 2,343,053
Balance, August 31, 2019	29,024,928	\$ 33,624,454	\$ 7,006,899	\$ 7,343,112	\$ (112,715)	\$ (262,223)	\$ (46,143,882)	\$ 1,455,645
Common shares issued	49,950,000	4,219,500	-	1,079,000	-	-	-	5,298,500
Common shares returned to treasury	(1,204,583)	(123,257)	-	(124,547)	-	247,804	-	-
Share subscriptions receivable	-	-	-	-	-	15,000	-	15,000
Share issue costs	600,000	(74,517)	-	(26,000)	-	(581)	-	(101,098)
Stock-based compensation	-	-	454,189	-	-	-	-	454,189
Foreign currency translation adjustment	-	-	1	-	(121,222)	-	-	(121,221)
Loss for the period	-	-	-	-	-	-	(2,358,116)	(2,358,116)
Balance, May 31, 2020	78,370,345	\$ 37,646,180	\$ 7,461,089	\$ 8,271,565	\$ (233,937)	\$ -	\$ (48,501,998)	\$ 4,642,899

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 three and nine months ended May 31, 2020
(Unaudited – Stated in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 nine months ended May 31, 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

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 three and nine months ended May 31, 2020
(Unaudited – Stated in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

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

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 May 31, 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 as at May 31, 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 three and nine months ended May 31, 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	May 31, 2020		August 31, 2019
Cash	FVTPL	\$	286,087	\$ 185,222
Trade amounts receivable	Amortized cost		1,377	1,443
Marketable securities	FVTPL		1,910	5,730
Accounts payable and accrued liabilities	Amortized cost		91,366	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 May 31, 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			
May 31, 2020						
Cash	\$ 286,087	\$	\$	\$	\$	286,087
Marketable securities	1,910					1,910
Total	\$ 287,997	\$	\$	\$	\$	287,997
August 31, 2019						
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 three and nine months ended May 31, 2020

(Unaudited – Stated in Canadian dollars)

5. ROYALTY

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 west side of the Willow Creek, Alaska project which covers the area that is expected to be initially developed, including the Coleman resource. The Royalty covers 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 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 Royalty purchased. If Outcrop does not complete payment of any contract, the remainder of the Royalty will remain with Renshaw.

In March 2020, the Company terminated all future earn-in payments. As at May 31, 2020, the Company has paid \$503,085, including interest (August 31, 2019 - \$425,635) and earned a 0.4% royalty which will be retained and has been capitalized.

6. 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 issued for all of the issued and outstanding shares of Malew Overseas S.A. (“Malew”). Malew’s wholly owned subsidiary, Lost City SAS, owns the Santa Ana Project (*Note 7(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>

OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2020

(Unaudited – Stated in Canadian dollars)

7. 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 May 31, 2020 are as follows:

	August 31, 2019	Additions	Recoveries	Transfer to investments	Effect of movement in exchange rates	May 31, 2020
Colombia:						
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
TOTAL	\$ 854,157	\$ 2,822,017	\$ -	\$ -	\$ -	\$ 3,676,174

	August 31, 2018	Additions	Recoveries	Transfer to investments	Effect of movement in exchange rates	August 31, 2019
Colombia:						
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
TOTAL	\$ 766,789	\$ 87,368	\$ -	\$ -	\$ -	\$ 854,157

OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2020
(Unaudited – Stated in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures

Exploration and evaluation expenditures recorded in profit or loss for the nine months periods ended May 31, 2020 and May 31, 2019 are as follows:

	Nine months ended May 31, 2020			Nine months ended May 31, 2019		
	Exploration expenditures	Recoveries from funding partners	Net exploration expenditures	Exploration expenditures	Recoveries from funding partners	Net exploration expenditures
Colombia:						
Antares	4,097	-	4,097	56,717	-	56,717
Argelia	4,142	-	4,142	17,895	-	17,895
Cauca	9,945	-	9,945	607,581	-	607,581
Kuntur	4,142	-	4,142	20,890	-	20,890
Lyra	4,142	-	4,142	50,726	(39,958)	10,768
Mallama	13,457	-	13,457	127,462	-	127,462
Oribella	16,142	-	16,142	61,920	-	61,920
Santa Ana	834,083	-	834,083	-	-	-
General exploration	188,969	-	188,969	247,501	-	247,501
TOTAL	\$ 1,079,119	\$ -	\$ 1,079,119	\$ 1,190,692	\$ (39,958)	\$ 1,150,734

COLOMBIA:

a) 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.

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	-

OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2020
(Unaudited – Stated in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

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.

b) 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.

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 162,427 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.

OUTCROP GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2020
(Unaudited – Stated in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

c) 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 Company has placed the project on standby after it completed the 2019 exploration work. The Company anticipates continuing with its expenditure requirements once the property vendor has completed its obligation with transferring the property into Poliandes in accordance with the option agreement.

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 (on hold)	750,000	1,000,000
Third anniversary of Effective Date	2,000,000	3,000,000
Fourth anniversary ⁽²⁾ of Effective Date	2,000,000	5,000,000

⁽¹⁾ 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.

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.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

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%. 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 90 (or 180) days following the delivery of the intent to purchase	
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.

d) 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.

e) 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”).

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7. EXPLORATION AND EVALUATION ASSETS (continued)

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.

f) 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.

g) 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.

h) Santa Ana Project

On January 24, 2020, the Company acquired 100% of Santa Ana project (Note 6), 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.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at May 31, 2020	As at August 31, 2019
Trade and other payables in Canada	\$ 54,809	\$ 126,354
Trade and other payables in the USA	2,102	1,661
Trade and other payables in Colombia	30,705	36,958
Amounts payable and accrued liabilities to related parties (Note 10)	3,750	26,199
Total	\$ 91,366	\$ 191,172

9. 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.

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a) Authorized

An unlimited number of common shares without par value.

b) Share Issuance

At May 31, 2020, the Company had 78,370,345 common shares issued and outstanding (August 31, 2019 – 29,024,928).

During the nine months ended May 31, 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), and 48,300 share purchase warrants.

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 6 and 7(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 nine months ended May 31, 2020, the Company returned 1,204,583 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 10% of the Corporation's issued and outstanding 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.

OUTCROP GOLD CORP.

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9. SHARE CAPITAL (continued)

The continuity for stock options for the nine months ended May 31, 2020 is as follows:

Number Outstanding Aug 31, 2019	Granted	Exercised	Expired/ Cancelled	Number Outstanding May 31, 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	-	-	-	107,500	\$1.20	Jan 28, 2021	0.66
30,000	-	-	-	30,000	\$1.20	Apr 25, 2021	0.90
202,500	-	-	-	202,500	\$0.90	Jan 25, 2022	1.65
-	6,350,000	-	-	6,350,000	\$0.10	Feb 7, 2025	4.69
-	300,000	-	-	300,000	\$0.17	May 13, 2025	4.95
416,000	6,650,000	-	(76,000)	6,990,000	\$0.15	(weighted average)	4.54
Exercisable				3,590,000	\$0.19	(weighted average)	4.37

As at May 31, 2020, 3,590,000 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.19.

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	-	-	-	66,000	\$1.45	Sep 3, 2019	0.01
10,000	-	-	-	10,000	\$1.45	Feb 16, 2020	0.46
107,500	-	-	-	107,500	\$1.20	Jan 28, 2021	1.41
30,000	-	-	-	30,000	\$1.20	Apr 25, 2021	1.65
202,500	-	-	-	202,500	\$0.90	Jan 25, 2022	2.41
468,250	-	-	(52,250)	416,000	\$1.10	(weighted average)	1.66
Exercisable				416,000	\$1.10	(weighted average)	1.66

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 6,650,000 stock options granted during the nine months ended May 31, 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.

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9. SHARE CAPITAL (continued)

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

	Feb 7, 2020	May 13, 2020
Risk-free interest rate	1.34%	0.37%
Expected volatility	147.76%	151.45%

d) Share Purchase Warrants

The continuity for share purchase warrants for the nine months ended May 31, 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	-	-	-	2,914,056	\$1.20	Jun 23, 2021	1.06
2,751,250	-	-	-	2,751,250	\$1.20	Mar 9, 2022	1.77
13,599,260	-	-	(975,000)	12,624,260	\$0.40	Feb 22, 2024	3.73
2,230,754	-	-	(229,583)	2,001,171	\$0.40	Apr 17, 2024	3.88
-	26,248,300	-	-	26,248,300	\$0.20	Nov 7, 2024	4.44
21,495,320	26,248,300	-	(1,204,583)	46,539,037	\$0.38	(weighted average)	3.85

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	-	-	-	2,914,056	\$1.20	Jun 23, 2021	1.81
2,751,250	-	-	-	2,751,250	\$1.20	Mar 9, 2022	2.52
-	13,599,260	-	-	13,599,260	\$0.40	Feb 22, 2024	4.48
-	2,230,754	-	-	2,230,754	\$0.40	Apr 17, 2024	4.63
5,665,306	15,830,014	-	-	21,495,320	\$0.61	(weighted average)	3.88

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10. 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. Services provided by related parties include consulting as Chairman, CFO, VP Exploration, Corporate Secretary, and 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.

		May 31, 2020		May 31, 2019
Amounts payable to related parties	\$	3,750	\$	24,642
Total	\$	3,750	\$	24,642

All amounts are unsecured with no specific terms of repayment.

- 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 10(a)*, during the nine months ended May 31, 2020 and May 31, 2019 were as follows:

For the nine months ended		May 31, 2020		May 31, 2019
Consulting fees	\$	151,642	\$	60,370
Wages and benefits ⁽¹⁾		-		198,292
Directors fees		-		42,832
Total	\$	151,642	\$	301,494

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

11. SEGMENTED DISCLOSURE

The Company operates in the mineral exploration sector within Colombia.

Note 7 provided disclosure as to the geographic location of equipment and of exploration and evaluation assets and expenditures.

12. MANAGEMENT OF CAPITAL

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.

OUTCROP GOLD CORP.

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12. MANAGEMENT OF CAPITAL (continued)

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.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the nine months ended	May 31, 2020	May 31, 2019
Non-cash investing and financing activities:		
Fair value of shares issued for exploration and evaluation assets	\$ 2,678,500	\$ -
Interest received	\$ 26	\$ 207

14. SUBSEQUENT EVENTS

1. On June 17, 2020, the Company closed a private placement consisting of 20,535,715 units at a price of \$0.28 per unit for gross proceeds of \$5,750,000. Each unit consists of one common share and one half share purchase warrant, each full warrant exercisable into a common share at a price of \$0.42 per share for a period of two years. The proceeds of the financing were allocated on a relative fair value basis as \$4,396,000 to common shares and \$1,354,000 to warrants.

The assumptions used in the Black-Scholes Option Pricing Model for the relative fair value allocation were an expected life of two years, an expected dividend of \$nil, a risk-free interest rate of 0.29%, and an expected volatility of 130.27%.

Cash share issuance costs of \$163,262 were paid in relation to the private placement, in addition to an issuance of 345,000 units, each unit consisting of one common share and one half share purchase warrant (valued at \$264,000 and \$81,000, respectively, using the Black-Scholes Option Pricing Model assumptions above).

2. The Company issued a total of 4,439,430 common shares during June and July 2020 following the exercise of share purchase warrants and stock options, for gross proceeds of \$1,084,226.
3. On July 20, 2020, the Company completed the acquisition of 17,000 hectares expanding the Santa Ana Project for consideration of \$250,000 USD and 1,000,000 common shares, with subsequent payments of \$1,000,000 USD payable in common shares of Outcrop contingent upon future permitting milestones and a 2% NSR royalty. 1% of the royalty may be purchased by Outcrop at any time for \$500,000 USD, payable in cash.
4. On July 24, 2020, the Company granted 200,000 stock options with an exercise price of \$0.56 per option expiring July 24, 2025.