CARPATHIAN GOLD INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2016

(Expressed in United States Dollars)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Carpathian Gold Inc. (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2016 have not been reviewed by the Corporation's auditors.

CARPATHIAN GOLD INC.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)
(Unaudited)

	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 1,195,164	$ 549,076
Restricted deposits (note 7)	903,951	903,951
Prepaid expenses and sundry receivables	462,940	464,433
Total Current assets	2,562,055	1,917,460
Assets classified as held for sale (note 5)	62,649,356	62,412,194
Non-current assets		
Property, plant and equipment (note 9)	80,824	84,820
Software license costs (note 10)	12,698	24,536
Total Assets	$ 65,304,933	$ 64,439,010
Liabilities		
Current liabilities		
Trade and other payables (note 16)	$ 244,698	$ 703,369
Total Liabilities	244,698	703,369
Liabilities classified as held for sale (notes 5 and 17)	315,890,608	312,967,459
	316,135,306	313,670,828
Deficiency attributable to Shareholders		
Share capital (note 12(b))	196,773,069	196,773,069
Warrants (note 12(d))	-	3,256,109
Contributed surplus (note 12(c))	14,188,382	10,931,572
Accumulated deficit	(444,997,013)	(438,696,828)
Accumulated other comprehensive loss	(16,794,811)	(21,495,740)
Total Deficiency	(250,830,373)	(249,231,818)
Total Liabilities and Deficiency	$ 65,304,933	$ 64,439,010

Nature of operations and going concern (note 1)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

CARPATHIAN GOLD INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)
(Unaudited)

Three Months Ended March 31,	**2016**	**2015**
Expenses		
General and administrative (note 13)	$ 1,200,846	$ 1,307,517
Depreciation and amortization (notes 9 and 10)	22,012	24,647
Employee compensation expense (note 13)	213,678	244,893
Impairment (note 6)	214,904	230,100
Foreign exchange loss	-	-
Other income (note 13)	4,555,772	(6,298,714)
Net (loss) income from continuing operations for the period	(6,207,212)	4,491,557
Net loss from discontinued operations for the period	(92,973)	(25,388,107)
Net loss and comprehensive loss for the period	(6,300,185)	(20,896,550)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation adjustments	4,700,929	(6,312,593)
Other comprehensive income (loss) for the period from continuing operations	4,700,929	(6,312,593)
Total comprehensive loss for the period from continuing operations	(1,506,283)	(1,821,036)
Total comprehensive loss for the period from discontinued operations	(92,973)	(25,388,107)
Total comprehensive loss for the period	$ (1,599,256)	$(27,209,143)
Basic and diluted (loss) income per share - continuing operations (note 14)	$ (0.01)	$ 0.01
Basic and diluted loss per share - discontinued operations (note 14)	$ (0.00)	$ (0.04)
Total basic and diluted loss per share (note 14)	$ (0.01)	$ (0.03)
Weighted average number of shares outstanding - basic and diluted	694,169,911	694,169,911

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

CARPATHIAN GOLD INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States Dollars)
(Unaudited)

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance, December 31, 2014	$196,773,069	$ 3,256,109	$ 10,925,856	$(365,067,022)	$ (8,605,621)	$(162,717,609)
Share-based payment		-	2,532	-	-	2,532
Net loss and comprehensive loss for the period	-	-	-	(20,896,550)	(6,312,593)	(27,209,143)
Balance, March 31, 2015	$196,773,069	$ 3,256,109	$ 10,928,388	$(385,963,572)	$ (14,918,214)	$(189,924,220)

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance, December 31, 2015	$196,773,069	$ 3,256,109	$ 10,931,572	$(438,696,828)	$ (21,495,740)	$(249,231,818)
Share-based payment	-	-	701	-	-	701
Expiry of warrants	-	(3,256,109)	3,256,109	-	-	-
Net loss and comprehensive loss for the period	-	-	-	(6,300,185)	4,700,929	(1,599,256)
Balance, March 31, 2016	$196,773,069	$ -	$ 14,188,382	$(444,997,013)	$ (16,794,811)	$(250,830,373)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

CARPATHIAN GOLD INC.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
(Unaudited)

Three Months Ended March 31,	**2016**	**2015**
Cash flows from operating activities		
Net loss for the period	$ (6,300,185)	$(20,896,550)
Depreciation and amortization	22,012	5,724,149
Accretion	65,805	65,804
Unrealized foreign exchange gain	4,556,060	(7,731,945)
Share-based payments	701	2,532
Impairment	1,347,462	230,100
Interest income	(2,983)	(1,021)
Deferred share unit costs	(3,504)	(3,064)
Unrealized loss on derivative contracts	-	20,071,186
Net change in non-cash working capital:		
Trade receivables	1,712,925	(1,519,921)
Prepaid expenses and sundry receivables	(1,319,690)	1,683,482
Inventories	126,050	(5,857,914)
Trade, other payables and payables from Gold Stream transaction	615,796	(5,472,834)
Deferred revenues	-	(785,039)
Cash provided by (used in) operating activities	820,449	(14,491,035)
Cash flows from investing activities		
Restricted deposits	13,704	13
Interest income	2,983	1,021
Acquisition of property, plant and equipment	(1,554,121)	(2,372,666)
Acquisition of software licensing	-	(9,733)
Exploration and evaluation assets	(216,011)	(234,580)
Mine development assets	(594,168)	(804,321)
Cash used in investing activities	(2,347,613)	(3,420,266)
Cash flows from financing activities		
Proceeds from Project Loan Facility (net of costs)	2,341,958	16,821,040
Cash provided by financing activities	2,341,958	16,821,040
Effect of exchange rates on cash and cash equivalents	138,692	1,419,352
Net change in cash and cash equivalents	953,486	329,091
Cash and cash equivalents, beginning of the period	621,410	310,736
Cash and cash equivalents, end of the period	$ 1,574,896	$ 639,827
Cash and cash equivalents at the end of the period	$ 1,574,896	$ 639,827
Included in cash and cash equivalents per statement of financial position	$ 1,195,164	$ 626,011
Included in assets classified as held for sale	$ 379,732	$ 13,816
Supplemental cash flow information:		
Interest paid	$ -	$ 10,188,508

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of operations

Carpathian Gold Inc., together with its subsidiaries (collectively the "Corporation"), is a producing as well as exploration, development company focused primarily on gold production of the Riacho dos Machados (the "RDM Project") gold project in Brazil and gold and copper exploration on its property in Romania.

Carpathian Gold Inc. was incorporated under the federal laws of Canada (the *Canada Business Corporations Act*) on January 17, 2003, is domiciled in Canada and its common shares were listed on the Toronto Stock Exchange ("TSX") trading under the symbol "CPN" as at December 31, 2014. The common shares were de-listed from the TSX at the close of business on July 21, 2015. On July 22, 2015, the common shares were posted for trading and listed on the Canadian Securities Exchange. The address of its registered office is 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of business for the foreseeable future. For the three months ended March 31, 2016, the Corporation incurred a net loss of $6,300,185 and as at March 31, 2016, reported an accumulated deficit of $444,997,013.

As a result of delays in the completion of the construction at the RDM Project in 2013, Mineração Riacho dos Machados Ltda. ("MRDM"), as borrower, and the Corporation (as guarantor) defaulted in 2013 on certain covenants under the Project Loan Facility (the "Project Facility") arrangement with Macquarie Bank Limited ("Macquarie Bank"). These covenant defaults related to financial and operational difficulties experienced by the Corporation, including delays in commencement of production and unplanned cost overruns. As a result, on October 18, 2013, MRDM and the Corporation entered into a Forbearance and Amendment Agreement, as amended, (the "Forbearance Agreement") with Macquarie Bank, under which the lenders agreed to continue forbearing from exercising their rights under the Project Facility through February 15, 2016. Under the terms of the Forbearance Agreement, Macquarie Bank agreed, at its discretion, to provide an additional Tranche 3 under the Project Facility (note 17), the availability of which shall be in the absolute discretion of Macquarie Bank. The events of defaults have resulted in the Corporation reclassifying all borrowings under the Project Facility as current liabilities (included in liabilities classified as held for sale as in note 5) as at March 31, 2016 and December 31, 2015 and recording impairment charges in 2013, 2014 and 2015. In addition, Macquarie Bank is not obligated to deliver or make payments in respect of the derivative contracts per the agreements. On September 22, 2015, Macquarie Bank settled all of the Corporation's derivative contracts.

The RDM Project is situated in a semi-arid region of Brazil and is heavily dependent on the annual rainy season for its supply of water. However, the amount of rain during the most recent season has, like in many other parts of Brazil, fallen considerably short of annual averages. Consequently, the restriction on the availability of water, which is required for operations at MRDM, has caused a temporary reduction in the levels of mining and processing activities at MRDM from April 2015. During this time, the RDM Project moved toward minimal production levels, depending on the availability of water. During the three months ended March 31, 2016, normal production has resumed. On November 20, 2015, the Corporation announced that it has entered into an agreement for the disposal of RDM (See Note 5).

On November 20, 2015, the Corporation announced that, as a result of an agreement (the "Option Agreement") entered into between Macquarie Bank and Brio Gold Inc. ("Brio"), Brio has been granted an option to (i) acquire all of Macquarie Bank's rights and interests in the Project Facility, the gold purchase agreement and the gold sale and purchase agreement and related guarantees previously entered into by Macquarie Bank and the Corporation, MRDM and certain other subsidiaries of Carpathian (collectively, the "Obligors"), and (ii) receive from Macquarie Bank an assignment of Macquarie Bank's security in respect of the foregoing agreements (all of the foregoing agreements and the security are collectively referred to as the "Financial Assets").

On February 17, 2016, Macquarie Bank and Brio entered into a definitive assignment and assumption agreement (the "Assignment and Assumption Agreement") in respect of the Financial Assets.

1. Nature of operations (continued)

Pursuant to the Assignment and Assumption Agreement, Macquarie Bank agreed to forbear from exercising any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions against the Obligors under the Financial Assets until the earlier of (i) the assignment of the Financial Assets to Brio and (ii) April 1, 2016. Under the Assignment and Assumption Agreement, to the extent that cash flows from MRDM and its RDM project are insufficient to meet ongoing costs and expenses, Macquarie Bank has agreed with Brio to continue to provide funding to MRDM, subject to the terms and conditions set out in the Assignment and Assumption Agreement. Any drawdowns requested by MRDM under the Facility remain subject to the discretion of Macquarie Bank.

Furthermore, the Corporation entered into an agreement with Brio and Macquarie Bank (the “Restructuring Agreement”) whereby the Corporation and Brio agreed that, in the event Brio acquires the Financial Assets from Macquarie Bank, the Corporation would work with Brio with respect to a restructuring procedure to be initiated by Brio with the objective of transferring 100% ownership of the RDM project to Brio (the “Restructuring”). Pursuant to the Restructuring Agreement, Brio would deliver to the Corporation and its directors a full release and discharge with respect to any liability under the Financial Assets, including the Corporation’s guarantee thereof. Following the Restructuring, the Corporation shall continue to own its Romanian assets, but shall have no ownership or interest in, or liabilities in respect of, MRDM or the RDM project.

As well, upon closing of the Restructuring, Brio agreed to a US$1 million subscription of common shares of the Corporation, the whole at a price to be mutually agreed and subject to the requirements of the Canadian Securities Exchange.

On March 31, 2016, the Corporation announced that Brio has (i) acquired from Macquarie all of Macquarie’s rights and interests in the project loan facility, the gold purchase agreement and the gold sale and purchase agreement and related guarantees previously entered into by Macquarie and the Corporation, MRDM and certain other subsidiaries of the Corporation, and (ii) received from Macquarie an assignment of Macquarie’s security in respect of the foregoing agreements. Pursuant to a Restructuring Agreement entered to by the Corporation with Brio and Macquarie Bank , the Corporation is working with Brio with respect to a restructuring procedure to be initiated by Brio with the objective of transferring 100% ownership of the RDM project to Brio. Pursuant to the Restructuring Agreement, Brio will deliver to the Corporation and its directors a full release and discharge with respect to any liability under the Financial Assets, including the Corporation’s guarantee thereof. Upon closing of the Restructuring, Brio agreed to a $1 million subscription of common shares of the Corporation, the whole at a price to be mutually agreed and subject to the requirements of the Canadian Securities Exchange.

2. Going concern

The Corporation has $1,195,164 in cash and cash equivalents from continuing operations and anticipated future proceeds of US$1 million from the Brio subscription referred to in Note 1. These available funds may not be sufficient to fund the continuing operations of the exploration in Romania, working capital requirements or corporate administration costs. The Corporation will need to secure additional financing in the future in order to meet the Corporation’s requirements for funding of continuing operations. In addition, should the transaction not occur, the Corporation will require additional funding to repay its debt obligations. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These circumstances lead to material uncertainties and therefore significant doubts as to the ability of the Corporation to meet its obligations as they become due and, accordingly, the ultimate appropriateness of use of the accounting principles applicable to a going concern. Subsequent to March 31, 2016, the Corporation agreed to a private placement into the Corporation whereby Forbes & Manhattan Resources Inc. ("Forbes") and its associated entities will subscribe to a private placement of units for a minimum amount of ten million dollars to advance its Romanian assets.

These unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities or reported expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

(Expressed in United States Dollars)

3. Basis of preparation

The Corporation prepares its unaudited condensed interim consolidated financial statements in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These statements are condensed and do not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2015.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 27, 2016.

4. Significant accounting policies

Basis of measurement

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 27, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2015. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the year ended December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

Principles of consolidation

The unaudited condensed interim consolidated financial statements of the Corporation consolidate the accounts of Carpathian Gold Inc. and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which Carpathian Gold Inc. controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Carpathian Gold Inc. controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Carpathian Gold Inc. and are de-consolidated from the date that control ceases.

The Corporation’s financial statements consolidate its subsidiaries which comprise the following:

Name of entity	**Country of incorporation**	**Ownership**
Ore-Leave Capital (Brazil) Limited	Barbados	100%
OLV Cooperatie U.A.	The Netherlands	100%
OLC Holdings B.V.	The Netherlands	100%
Mineração Riacho dos Machados Ltda. (“MRDM”)	Brazil	100%
Ore-Leave Capital (Barbados) Limited	Barbados	100%
Carpat Gold S.R.L	Romania	100%
Carpathian Gold Limited	British Virgin Islands	100%
SAMAX Romania Limited	British Virgin Islands	100%
SAMAX Romania S.R.L.	Romania	100%

4. Significant accounting policies (continued)

Principles of consolidation (continued)

In preparing the unaudited condensed interim consolidated financial statements in accordance with the IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period end. Critical accounting estimates represent estimates that are uncertain and for which changes to those estimates could materially impact the Corporation's condensed interim consolidated financial statement. Actual future outcomes may differ from present estimates. Management reviews its estimated and assumptions on an ongoing basis using the most current information available.

The judgements, estimates, assumptions and risks during the three months ended March 31, 2016 are the same as those disclosed in Note 4 to the Corporations' annual consolidated financial statements for the year ended December 31, 2015.

Future accounting standards issued but not yet effective

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently assessing the impact of adopting this standard on the unaudited condensed interim consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount and timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2017, with earlier application permitted. The Corporation is currently assessing the impact of adopting this standard on the unaudited condensed interim consolidated financial statements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting period beginning on or after January 1, 2019, with earlier adoption permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. The Corporation is currently assessing the impact of adopting this standard on the unaudited condensed interim consolidated financial statements

There are no other standards/amendments or interpretations that are expected to have a significant effect on the unaudited condensed interim consolidated financial statements of the Corporation.

(Expressed in United States Dollars)

5. Non-current assets held for sale and discontinued operations

On November 20, 2015, the Corporation announced that, as a result of the Option Agreement entered into between Macquarie Bank and Brio, Brio has been granted an option to (i) acquire all of Macquarie Bank's rights and interests in the Project Facility, the gold purchase agreement and the gold sale and purchase agreement and related guarantees previously entered into by Macquarie Bank and the Corporation, MRDM and certain other subsidiaries of Carpathian , and (ii) receive from Macquarie Bank an assignment of Macquarie Bank's security in respect of the foregoing agreements (all of the foregoing agreements and the security are collectively referred to as the "Financial Assets").

On February 17, 2016, Macquarie Bank and Brio entered into a definitive Assignment and Assumption Agreement in respect of the Financial Assets.

Pursuant to the Assignment and Assumption Agreement, Macquarie Bank agreed to forbear from exercising any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions against the Obligors under the Financial Assets until the earlier of (i) the assignment of the Financial Assets to Brio and (ii) April 1, 2016. Under the Assignment and Assumption Agreement, to the extent that cash flows from MRDM and its RDM project are insufficient to meet ongoing costs and expenses, Macquarie Bank has agreed with Brio to continue to provide funding to MRDM, subject to the terms and conditions set out in the Assignment and Assumption Agreement. Any drawdowns requested by MRDM under the Facility remain subject to the discretion of Macquarie Bank.

Furthermore, the Corporation has entered into a Restructuring Agreement with Brio and Macquarie Bank whereby the Corporation and Brio have agreed that, in the event Brio acquires the Financial Assets from Macquarie Bank, the Corporation will work with Brio with respect to a restructuring procedure to be initiated by Brio with the objective of transferring 100% ownership of the RDM project to Brio. Pursuant to the Restructuring Agreement, Brio will deliver to the Corporation and its directors a full release and discharge with respect to any liability under the Financial Assets, including the Corporation's guarantee thereof. Following the Restructuring, the Corporation shall continue to own its Romanian assets, but shall have no ownership or interest in, or liabilities in respect of, MRDM or the RDM project, including the subsidiaries above MRDM in the organizational chart below:

Name of entity	Country of incorporation	Ownership
Ore-Leave Capital (Brazil) Limited	Barbados	100%
OLV Cooperatie U.A.	The Netherlands	100%
OLC Holdings B.V.	The Netherlands	100%
Mineração Riacho dos Machados Ltda. ("MRDM")	Brazil	100%

As well, upon closing of the Restructuring, Brio agreed to a US$1 million subscription of common shares of the Corporation, the whole at a price to be mutually agreed and subject to the requirements of the Canadian Securities Exchange.

On March 31, 2016, the Corporation announced that the assignment of the Financial Assets from Macquarie Bank to Brio was completed.

(Expressed in United States Dollars)

5. Non-current assets held for sale and discontinued operations (continued)

As at March 31, 2016 and December 31, 2015, all of the assets and liabilities of MRDM (refer to the table below) were classified as held for sales as this transition is expected to be completed by May 2016 and will result in a loss of control.

	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 379,733	$ 72,335
Restricted deposits	-	344,049
Trade receivables	1,208,509	2,921,436
Prepaid expenses and sundry receivables	1,666,367	345,184
Inventory	42,732,682	42,858,731
	45,987,291	46,541,735
Non-current assets		
Deposits and receivables	6,429,719	5,637,090
Property, plant and equipment	4,035,674	4,352,587
Mine development assets	6,196,672	5,880,782
Total Assets	$ 62,649,356	$ 62,412,194
Liabilities		
Current liabilities		
Trade and other payables	$ 9,507,044	$ 8,991,658
Project loan facility - short-term	273,112,134	270,770,175
Payables from Gold Stream transaction	27,549,600	27,549,600
	310,168,778	307,311,433
Non-current liabilities		
Rehabilitation provision	5,721,830	5,656,025
Total liabilities	$315,890,608	$ 312,967,458

(Expressed in United States Dollars)

5. Non-current assets held for sale and discontinued operations (continued)

The following table presents summarized statements of loss and comprehensive loss related to the discontinued operations of MRDM:

Three Months Ended March 31,	2016	2015
Revenue	$ 15,494,605	$ 22,391,584
Expenses		
Costs and expensese of mining operations		
Operating costs and mine site administrative expenses	12,165,006	13,245,202
Mine site depreciation and amortization	-	5,699,502
General and administrative	1,766,340	2,089,060
Employee compensation expense	511,670	753,095
Impairment	1,132,558	-
Net (gain) loss on derivative contracts	-	20,071,186
Finance costs		
Interest	-	7,281,390
Accretion	65,805	65,804
Other income	(53,801)	(1,425,548)
Loss on Gold Stream transaction	-	-
Loss from discontinued operations	$ (92,973)	$(25,388,107)

Statement of cash flows for the discontinued operation for the three months ended March 31, 2016 and 2015:

Three Months Ended March 31,	2016	2015
Cash flows from operating activities of discontinued operations	$ 3,025,296	$(12,334,312)
Cash flows from investing activities of discontinued operations	(5,073,121)	(3,185,981)
Cash flows from financing activities of discontinued operations	2,341,958	13,999,752
Effect of exchange rates on cash and cash equivalents	13,263	1,435,856
Increase (decrease) in cash and cash equivalents	307,396	(84,685)
Cash and cash equivalents at beginning of the period	72,336	98,501
Cash and cash equivalents at end of the period	$ 379,732	$ 13,816
Supplemental information:		
Interest paid	$ -	$ 10,188,508

6. Impairment

As at March 31, 2016, a number of impairment indicators were noted by the Corporation in accordance with IAS 36, Impairment of Assets ("IAS 36") for its property, plant and equipment and mine assets and in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources ("IFRS 6") for its exploration and evaluation assets. Consequently, the Corporation undertook an impairment test on each of its identified CGUs, being MRDM and Romania ("Rovina Valley Project").

Romania

During 2015, the key impairment indicators noted for this CGU were a reduction in the scope of the Rovina Valley Project to a less capital intensive build and smaller scale operations due to decline in commodity prices since the first Preliminary Economic Assessment was completed on the project in March 2010 and increasing uncertainty as to whether the draft amended mining law in Romania will be passed enabling construction of a mine in Romania.

The fair value less costs of disposal ("FVLCD") method was used to determine the recoverable amount as this was determined to be a higher valuation than a value in use calculation. The recoverable amount as determined by the Corporation for the CGU was $Nil.

The key assumptions and estimates used in determining the FVLCD were the probability of the mining law being passed in Romania and estimate of value a market participant would be willing to pay for the CGU based on recent marketing efforts by the Corporation.

Based on the test described above, during the three months ended March 31, 2016, exploration and evaluation assets were impaired by $214,904 (three months ended March 31, 2015: $230,100). The impairment charges were included within the net loss from continuing operations for the three months ended March 31, 2016 in the statement of loss and comprehensive loss. The fair value of the CGU was measured using market approach and Level 3 inputs.

MRDM

During 2016, the key impairment indicators noted for this CGU were the continued delays of the RDM Project to achieve production levels in accordance with its initial life of mine plan, market capitalization below the carrying value of the net assets of the Corporation as a whole, negative cash flows from operating activities, a significant debt facility with Macquarie repayable on demand due to the Corporation defaulting on related covenants and expected disposal of the MRDM project.

FVLCD was used to determine the recoverable amount as this was determined to be a higher valuation than a value in use model. The recoverable amount as determined by the Corporation for the CGU was $47,420,482.

For MRDM CGU, for the three months ended March 31, 2016, impairment charges totaled $1,132,558 (three months ended March 31, 2015: $nil), of which property, plant and equipment were written down by $955,441 (three months ended March 31, 2015: $nil), software licenses were written down by $nil (three months ended March 31, 2015: $nil), exploration and evaluation assets were written down by $nil (three months ended March 31, 2015: $nil) and mine development assets were written down by $507,462 (three months ended March 31, 2015: $nil). These impairment charges were included within the net loss from discontinued operations for the three months ended March 31, 2016 in the statement of loss and comprehensive loss.

(Expressed in United States Dollars)

7. Rerstricted deposits

As at March 31, 2016, the Corporation's restricted deposits totaled $903,951 (December 31, 2015 - $1,248,000), of $nil (December 31, 2015 - $344,049) are included as assets classified as held for sale, representing an employee trust fund of $1,234,296 (December 31, 2015 - $1,248,000) and currency held in US$ which will be available to fund the operations of MRDM once it is converted to Brazilian Reais through execution of an exchange contract.

8. Inventory

	March 31, 2016	December 31, 2015
Finished products	$ 1,034,401	$ 2,523,093
Work-in-process	37,507,551	35,785,712
Stockpiles	489,743	522,786
Mine supplies	3,700,887	4,027,140
Transferred to assets classified as held for sale	(42,732,582)	(42,858,731)
	$ -	$ -

9. Property, plant and equipment

Cost	Leasehold Improvements	Office Equipment	Equipment	Computer Equipment	Machinery & Total
Balance, December 31, 2015	$ 177,839	$ 54,515	$ 29,325	$ 15,770	$ 277,449
Effect of foreign exchange adjustments	12,076	3,702	5,600	1,071	22,449
Balance, March 31, 2016	$ 189,915	$ 58,217	$ 34,925	$ 16,841	$ 299,898

Accumulated depreciation	Leasehold Improvements	Office Equipment	Equipment	Computer Equipment	Machinery & Total
Balance, December 31, 2015	$ 123,811	$ 27,906	$ 26,139	$ 14,773	$ 192,629
Depreciation	6,389	1,347	700	797	9,233
Effect of foreign exchange adjustments	8,772	1,972	5,422	1,046	17,212
Balance, March 31, 2016	$ 138,972	$ 31,225	$ 32,261	$ 16,616	$ 219,074

Net book value	Leasehold Improvements	Office Equipment	Equipment	Computer Equipment	Machinery & Total
Balance, December 31, 2015	$ 54,028	$ 26,609	$ 3,186	$ 997	$ 84,820
Balance, March 31, 2016	$ 50,943	$ 26,992	$ 2,664	$ 225	$ 80,824

As at March 31, 2016 the carrying value of property, plant and equipment is comprised of $80,824 in corporate and other (December 31, 2015 - $84,820), $nil in Brazil (December 31, 2015 - $nil) and $nil in Romania (December 31, 2015 - $nil).

(Expressed in United States Dollars)

10. Software license costs

		Cost		Accumulated Amortization		Net book value
Balance, December 31, 2015	$	293,472	$	268,936	$	24,536
Additions		-		12,779		(12,779)
Effect of changes in foreign exchange rates		15,423		14,482		941
Balance, March 31, 2016	$	308,895	$	296,197	$	12,698

As at March 31, 2016, the carrying value of software licensing fees is comprised of $12,698 in corporate and other (December 31, 2015 - $24,536), $nil in Brizil (December 31, 2015 - $nil) and $nil in Romania (December 31, 2015 - $nil).

11. Exploration and Evaluation and Mine Development Assets

Exploration and evaluation assets		Romania		Brazil		Total
Balance, December 31, 2015	$	-	$	-	$	-
Additions		214,904		-		214,904
Impairment		(214,904)		-		(214,904)
Balance, March 31, 2016	$	-	$	-	$	-

Mine development assets		Brazil
Balance, December 31, 2015	$	-
Additions		708,760
Impairment		(392,870)
Transferred to assets classified as held for sale		(315,890)
Balance, March 31, 2016	$	-

As at March 31, 2016 and December 31, 2015, all of the Corporation's exploration and evaluation assets have been impaired and had balances of $nil and the Corporation's mine development assets had been impaired and transferred to assets classified as held for sale and had balances of $nil.

Romania

The Corporation owns 100% of the Rovina Valley Project, which is held through its subsidiary SAMAX Romania S.R.L.

Brazil

The Corporation owns 100% of the Riacho dos Machados gold project located in Minas Gerais State, Brazil, which is held through its subsidiary Mineração Riacho dos Machados, and is comprised of seventeen exploration licenses and a mining concession.

(Expressed in United States Dollars)

12. Share capital

(a) Authorized

Unlimited number of Common Shares, without par value.
Unlimited number of Preference Shares, without par value.

(b) Issued common shares

	Number of common shares	Stated value
Balance, December 31, 2014, March 31, 2015, December 31, 2015 and March 31, 2016	694,169,911	$ 196,773,096

(c) Stock options

The following table shows the continuity of stock options for the periods noted below:

	Number of options	Weighted average Exercise price Cdn$
Balance, December 31, 2014 and March 31, 2015	10,661,000	$ 0.44
Balance, December 31, 2015	10,261,000	$ 0.45
Forfeited during the period	(300,000)	0.40
Balance, March 31, 2016	9,961,000	$ 0.45

As at March 31, 2016, stock options held by directors, officers, employees and consultants are as follows:

	Options outstanding	Fair value at grant date ($)	Exercise price ($)	Remaining contractual life	Options exercisable
Directors, officers and employees	5,241,000	1,810,603	0.58	138 days	5,241,000
Directors, officers and employees	3,520,000	327,527	0.40	1 year 135 days	3,520,000
Employees	1,200,000	23,241	0.03	3 years 80 days	800,000
	9,961,000	2,161,371		1 year 26 days	9,561,000

As at March 31, 2015 the number of stock options available for exercise was 9,561,000 at a weighted average exercise price of Cdn$0.47 and the aggregate remaining unamortized value of unvested stock options granted was $1,127.

Using the fair value method, total share-based compensation for stock options issued and outstanding for the three months ended March 31, 2016 was $701 (three months ended March 31, 2015 - $2,532).

(Expressed in United States Dollars)

12. Share capital

(d) Common share purchase warrants

	Number of warrants	Weighted average Exercise price
Balance, December 31, 2014 and March 31, 2015	20,000,000	$ 0.40
Balance, December 31, 2015	20,000,000	$ 0.40
Expired during the period	(20,000,000)	0.40
Balance, March 31, 2016	-	$ -

13. Expense breakdown

(a) General and administrative expenses

Three months ended March 31,	**2016**	**2015**
Professional fees	$ 1,135,236	$ 1,174,507
Investor relations and advertising	5,222	24,821
Travel, business and development	32,874	30,384
Office and general	27,514	77,805
	$ 1,200,846	$ 196,773,096

(b) Employee compensation expense

Three months ended March 31,	**2016**	**2015**
Salaries and benefits	$ 209,473	$ 245,425
Share-based payments	701	2,532
Deferred share unit costs	3,504	(3,064)
	$ 213,678	$ 244,893

(c) Other (income) expense

Three months ended March 31,	**2016**	**2015**
Foreign exchange loss (gain)	$ 4,556,060	$ (6,298,418)
Interest income	(288)	(296)
	$ 4,555,772	$ (6,298,714)

(Expressed in United States Dollars)

14. Loss per share

Basic loss per share is calculated based on the weighted average number of Common Shares issued and outstanding during the period. Basic and diluted weighted average shares for the three months ended March 31, 2016 is 694,169,911 (three months ended March 31, 2015 - 694,169,911). Stock options and warrants are considered anti-dilutive and therefore are excluded from the calculation of diluted earnings per share.

15. Deferred share unit

Effective January 21, 2010, the Corporation established a Deferred Share Unit ("DSU") Plan for directors or officers of the Corporation or any affiliate thereof ("Eligible Person"). Under the DSU Plan, no less than one-third of bonuses awarded to management will be paid in DSUs and any future increases in directors' remuneration will be paid in DSUs. A DSU is a unit equivalent in value to one common share of the Corporation based on the five-day average trading price of the Corporation's common shares on the TSX immediately prior to the date on which the value of the DSU is determined (the "Market Value"). Upon termination, an eligible person receives a cash payment equivalent to the Market Value of a common share on the termination date multiplied by the number of DSUs held by them.

The following transactions occurred during the periods noted below:

	March 31, 2016	December 31, 2015
Number of DSUs outstanding, beginning of period	948,669	948,669
Number of DSUs outstanding, end of period	948,669	948,669
Liability, end of period	$ 13,199	$ 8,892
Expense for the period	$ 3,504	$ 1,484

16. Trade and other payable

	March 31, 2016	December 31, 2015
Trade payables	$ 7,221,814	$ 5,692,714
Accrued liabilities	2,529,928	4,002,314
Transferred to liabilities classified as held for sale	(9,507,044)	(8,991,659)
	$ 244,698	$ 703,369

(Expressed in United States Dollars)

17. Project loan facility

As at March 31, 2016, the principal balance outstanding on the Project Facility was $273,112,134 classified within liabilities classified as held for sale (December 31, 2015 - $270,770,175). Interest accrued during the three months ended March 31, 2016 were $nil (three months ended March 31, 2015 - $7,281,390) and facility fees paid for the three months ended March 31, 2016 were $nil (three months ended March 31, 2015 - $801,052). Interest paid for the three months ended March 31, 2016 was $nil (three months ended March 31, 2015 - $10,188,508).

The Corporation entered into a Forbearance Agreement on October 18, 2013, whereby Macquarie Bank agreed to forebear exercising their rights and remedies under this facility agreement with respect to the defaults during the forbearance period from October 18, 2013 to October 31, 2013 (Note 1). This period was amended from time to time, with the last amendment providing for a forbearance period to April 1, 2016. Pursuant to this amendment, funds drawn under Tranche 3 of the Project Facility are to be repaid by April 1, 2016.

This Project Facility bore interest at LIBOR plus a margin of 5.5% for Tranche 2 and 5.0% for Tranche 1 prior to entering into the Forbearance Agreement on October 18, 2013. These were to be reduced to LIBOR plus 5.0% and 4.5%, respectively on commencement of production.

Under the terms of the Forbearance Agreement, as amended from time to time, Macquarie Bank has agreed to provide up to $184 million, at its discretion, of additional financing under a “Tranche 3” of the Project Facility. Tranche 3 of the Project Facility is repayable on April 1, 2016 and bears interest at 20% per annum. In addition, facility fees of 5% are payable on each drawdown against Tranche 3. As a result of the defaults under the terms of the Project Facility (Note 1), the interest rate payable for the $90 million drawn under Tranche 1 and 2 has been increased to LIBOR plus margins of 9.0% and 9.5%, respectively until such defaults are remedied.

On March 31, 2016, Brio acquired from Macquarie all of Macquarie's rights and interest in the Project Facility.

As at March 31, 2016, the Corporation had drawn an aggregate of $273,112,134 against the Project Facility as follows:

Draw down rate	Tranche 1	Tranche 2	Tranch 3	Total
February 2, 2013	$ -	$ 25,000,000	$ -	$ 25,000,000
March 20, 2013	10,000,000	-	-	10,000,000
April 22, 2013	10,000,000	-	-	10,000,000
May 18, 2013	10,000,000	-	-	10,000,000
May 31, 2013	7,500,000	-	-	7,500,000
June 19, 2013	16,000,000	-	-	16,000,000
July 17, 2013	10,000,000	-	-	10,000,000
July 31, 2013	1,500,000	-	-	1,500,000
October 23, 2013	-	-	4,000,000	4,000,000
October 31, 2013	-	-	3,000,000	3,000,000
November 4, 2013	-	-	1,000,000	1,000,000
November 7, 2013	-	-	3,000,000	3,000,000
November 13, 2013	-	-	3,000,000	3,000,000
November 20, 2013	-	-	2,000,000	2,000,000
November 27, 2013	-	-	1,000,000	1,000,000
November 29, 2013	-	-	2,000,000	2,000,000
December 4, 2013	-	-	3,000,000	3,000,000
December 11, 2013	-	-	3,250,000	3,250,000
December 20, 2013	-	-	2,250,000	2,250,000
December 31, 2013	-	-	2,500,000	2,500,000
January 27, 2014	-	-	2,800,000	2,800,000
January 31, 2014	-	-	387,822	387,822
February 6, 2014	-	-	1,310,400	1,310,400
February 7, 2014	-	-	3,860,853	3,860,853
February 18, 2014	-	-	7,475,308	7,475,308
February 25, 2014	-	-	486,473	486,473
February 28, 2014	-	-	614,249	614,249
March 4, 2014	-	-	1,970,578	1,970,578
March 11, 2014	-	-	2,344,186	2,344,186
March 18, 2014	-	-	2,011,889	2,011,889
March 25, 2014	-	-	1,918,397	1,918,397

(Expressed in United States Dollars)

17. Project loan facility (continued)

Draw down rate	Tranche 1	Tranche 2	Tranch 3	Total
March 28, 2014	-	-	1,138,982	1,138,982
April 2, 2014	-	-	2,272,465	2,272,465
April 8, 2014	-	-	1,471,886	1,471,886
April 15, 2014	-	-	2,440,928	2,440,928
April 22, 2014	-	-	283,720	283,720
April 23, 2014	-	-	1,564,565	1,564,565
April 30, 2014	-	-	535,392	535,392
May 15, 2014	-	-	3,114,359	3,114,359
May 22, 2014	-	-	1,625,146	1,625,146
May 28, 2014	-	-	747,500	747,500
June 3, 2014	-	-	933,076	933,076
June 11, 2014	-	-	95,327	95,327
June 19, 2014	-	-	1,547,770	1,547,770
June 26, 2014	-	-	1,554,493	1,554,493
July 7, 2014	-	-	3,641,339	3,641,339
July 18, 2014	-	-	613,473	613,473
July 31, 2014	-	-	60,298	60,298
August 8, 2014	-	-	210,072	210,072
August 13, 2014	-	-	458,122	458,122
August 21, 2014	-	-	241,310	241,310
August 28, 2014	-	-	269,623	269,623
October 2, 2014	-	-	1,473,684	1,473,684
October 22, 2014	-	-	9,010,170	9,010,170
October 31, 2014	-	-	735,068	735,068
November 7, 2014	-	-	358,006	358,006
November 28, 2014	-	-	3,000,000	3,000,000
December 3, 2014	-	-	1,106,303	1,106,303
December 12, 2014	-	-	1,417,515	1,417,515
December 19, 2014	-	-	851,083	851,083
December 24, 2014	-	-	440,000	440,000
January 9, 2015	-	-	1,067,686	1,067,686
January 30, 2015	-	-	803,979	803,979
February 20, 2015	-	-	619,128	619,128
February 27, 2015	-	-	717,378	717,378
March 6, 2015	-	-	12,812,869	12,812,869
March 31, 2015	-	-	800,000	800,000
April 9, 2015	-	-	2,526,018	2,526,018
April 10, 2015	-	-	205,000	205,000
April 22, 2015	-	-	241,053	241,053
April 28, 2015	-	-	952,632	952,632
May 5, 2015	-	-	1,700,000	1,700,000
May 12, 2015	-	-	1,132,647	1,132,647
May 26, 2015	-	-	1,051,883	1,051,883
June 1, 2015	-	-	7,183,261	7,183,261
June 9, 2015	-	-	494,637	494,637
June 15, 2015	-	-	529,865	529,865
June 22, 2015	-	-	899,695	899,695
July 6, 2015	-	-	4,014,124	4,014,124
July 28, 2015	-	-	551,525	551,525
August 4, 2015	-	-	640,654	640,654
August 10, 2015	-	-	4,999,694	4,999,694
August 17, 2015	-	-	147,000	147,000
August 31, 2015	-	-	724,047	724,047
September 8, 2015	-	-	3,219,204	3,219,204
September 14, 2015	-	-	1,737,502	1,737,502
September 21, 2015	-	-	876,783	876,783
September 21, 2015	-	-	777,838	777,838
September 28, 2015	-	-	15,747,388	15,747,388
October 6, 2015	-	-	2,050,990	2,050,990
October 13, 2015	-	-	669,459	669,459
October 19, 2015	-	-	2,475,239	2,475,239
October 26, 2015	-	-	610,526	610,526
October 27 2015	-	-	573,480	573,480
November 3, 2015	-	-	1,978,034	1,978,034
November 10, 2015	-	-	991,270	991,270
November 18, 2015	-	-	1,080,000	1,080,000
November 24, 2015	-	-	1,057,475	1,057,475
December 22, 2015	-	-	3,394,062	3,394,062
December 29, 2015	-	-	324,320	324,320

(Expressed in United States Dollars)

17. Project loan facility (continued)

Draw down rate	Tranche 1	Tranche 2	Tranch 3	Total
January 5, 2016	-	-	302,934	302,934
January 26, 2016	-	-	1,278,010	1,278,010
February 2, 2016	-	-	282,452	282,452
February 12, 2016	-	-	272,203	272,203
February 16, 2016	-	-	206,360	206,360
	$ 65,000,000	$ 25,000,000	$ 183,112,134	$ 273,112,134

18. Payables from gold stream transaction

Gold Stream Transaction

On May 20, 2010, the Corporation closed the gold stream transaction for $30 million with Macquarie Bank for its Riacho dos Machados gold project (the "Project") in Brazil. Under the terms of the purchase and sale agreement (the "Agreement"), Macquarie made upfront cash payments (the "Upfront Payments") totaling $30 million in return for which it will have the right to purchase 12.5% of the gold produced from the Project at a price of $400 per ounce of payable gold delivered ("Delivered Gold Ounce"). The price per Delivered Gold Ounce to Carpathian will be subject to an inflation escalator. Macquarie also has the right to extend its participation to purchase 12.5% of the additional gold produced from any underground operation within the mining concession and five contiguous exploration licenses, as well as any open pit and/or underground operation on the balance of the property outside of the existing mining concession and five contiguous exploration licenses referred to above (the "Expanded Production"), by contributing 12.5% of the capital required to develop the Expanded Production and paying $450 per Delivered Gold Ounce. This price per ounce will also be subject to adjustment by the price escalation and inflation factors described above. The transaction has been recorded as a sale of a partial mineral property interest and the Upfront Payments are being accounted for as a recovery of exploration and development costs. Accordingly, no immediate gain or loss has been recognized on the transaction. As of December 31, 2014, the full $30 million had been received as Upfront Payment.

In addition, the Agreement provides that, if during the period from July 1, 2013 to June 30, 2014, MRDM has not produced a minimum of 80,000 ounces of refined gold (of which 10,000 ounces would be deliverable to Macquarie Bank), then Macquarie Bank, shall have the right to require MRDM and the Corporation, jointly and severally, to refund to Macquarie Bank an amount (the "Production Shortfall Payment") equal to that percentage of the Upfront Payments which is equal to the percentage of underproduction of refined gold over such 12-month period compared with that which was projected for such 12-month period as set out in the life of mine plan agreed at the time of closing of these transactions. MRDM and the Corporation have received notice from Macquarie Bank for payment of the Production Shortfall Payment. During said 12-month period, MRDM produced a total of 8,168 ounces of refined gold, compared to the 100,000 ounces of refined gold that was projected to be produced under the life of mine plan that was agreed to at the time of closing of the gold stream transactions. Given the forgoing, the underproduction of refined gold during the 12-month period ending June 30, 2014 is equal to 91.8% and, therefore, a Production Shortfall Payment of US$27,549,600 is owed to Macquarie under the gold stream transactions.

Notwithstanding the foregoing, if any Production Shortfall Payment becomes due to Macquarie Bank under the Agreement, and at such time both the Corporation and MRDM are in violation or default of any debt covenant under the credit, debt or loan facility for the Project debt, or the payment of such amounts by the Corporation and/or MRDM would each constitute a default under such credit, debt or loan facility, then MRDM and the Corporation shall have the right to defer payment of such Production Shortfall Payment to Macquarie Bank until the later of the date upon which such violation or default of such credit, debt or loan facility has been remedied and the date on which the amount owing to Macquarie Bank may be paid by the Corporation and/or MRDM without constituting a default under such credit, debt or loan facility. MRDM and the Corporation have elected to defer payment of the Production Shortfall Payment accordingly. Until paid in full to Macquarie Bank, the Production Shortfall Payment shall bear interest at the Default Rate (as defined in the Agreement). In respect of MRDM, Macquarie Bank has agreed to forebear its rights to charge or accrue interest on the refund amount or exercise any such rights with respect to interest until April 30, 2015. On March 31, 2016, Brio acquired from Macquarie all of Macquarie's rights and interest in the Project Facility.

(Expressed in United States Dollars)

18. Payables from gold stream transaction (continued)

The Corporation acts as a guarantor of MRDM's obligations under the Agreement. In light of the above, the Corporation has recorded a liability of $27,549,600 as the Production Shortfall Payment.

19. Segmented information

The Corporation has two operating segments: the acquisition, exploration and development of mineral properties primarily situated in Romania and in Brazil.

Consolidated statement of financial position

Operating segment	Corporate and other	Brazil	Romania	Total
As at March 31, 2016				
Total assets	$ 2,638,440	$ 62,649,356	$ 17,137	$ 65,304,933
Total liabilities	$ 234,558	$315,890,608	$ 10,140	$316,135,306
As at December 31, 2015				
Total assets	$ 2,011,404	$ 62,412,194	$ 15,412	$ 64,439,010
Total liabilities	$ 692,124	$312,967,459	$ 11,245	$313,670,828

Consolidated statements of (income) loss and comprehensive (income) loss for the three months ended March 31, 2016:

Operating segment	Corporate and other	Brazil	Romania	Total
Expenses				
General and administrative expenses (including depreciation and amortization)	$ 1,222,858	$ -	$ -	$ 1,222,858
Employee compensation costs	213,678	-	-	213,678
Impairment	-	-	214,904	214,904
Foreign exchange loss (gain)	4,558,023	-	(1,963)	4,556,060
Interest income, net of expenses	(288)	-	-	(288)
Loss for the period from continuing operations	5,994,271	-	212,941	6,207,212
Loss for the period from discontinued operation	-	92,973	-	92,973
Loss for the period	5,994,271	92,973	212,941	6,300,185
Other comprehensive income for the period	(4,700,929)	-	-	(4,700,929)
Total comprehensive loss for the period	$ 1,293,342	$ 92,973	$ 212,941	$ 1,599,256

(Expressed in United States Dollars)

19. Segmented information (continued)

Consolidated statements of (income) loss and comprehensive (income) loss for the three months ended March 31, 2015:

Operating segment	Corporate and other	Brazil	Romania	Total
Expenses				
General and administrative expenses				
(including depreciation and amortization)	$ 1,332,164	$ -	$ -	$ 1,332,164
Employee compensation costs	244,894	-	-	244,894
Impairment	-	-	230,100	230,100
Foreign exchange loss (gain)	(6,307,826)	-	9,407	(6,298,419)
Interest income, net of expenses	(296)	-	-	(296)
(Income) loss for the period from				
continuing operations	(4,731,064)	-	239,507	(4,491,557)
Loss for the period from discontinued operation	-	25,388,107	-	25,388,107
Total loss for the period	(4,731,064)	25,388,107	239,507	20,896,550
Other comprehensive loss for the period	6,312,593	-	-	6,312,593
Total comprehensive loss for the period	$ 1,581,529	$ 25,388,107	$ 239,507	$ 27,209,143

20. Related parties

As at March 31, 2016, there were no amounts due to or from related parties not included in note 17 (December 31, 2015 - $nil).

21. Financial instruments and fair value

Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of loss or comprehensive loss. The following table shows the carrying amounts and fair values of assets and liabilities for each of these categories at March 31, 2016 and December 31, 2015.

		March 31, 2016		December 31, 2015	
	Level	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets					
Loans and receivables					
Cash and cash equivalents	1	$ 1,195,164	$ 1,195,164	$ 549,076	$ 549,076
Restricted deposits	1	903,951	903,951	903,951	903,951
Sundry receivables	2	114,604	114,604	91,791	91,791
Assets classified as held for sale	3	1,588,242	1,588,242	3,337,820	3,337,820
Financial liabilities					
Amortized cost					
Trade and other payables	2	244,698	244,698	694,477	694,477
Liabilities classified as					
held for sale [1 and 2]	1and 2	310,168,778	310,168,778	307,311,433	307,311,433

(Expressed in United States Dollars)

21. Financial instruments and fair value (continued)

Measurement categories (continued)

[1] Fair value approximates the carrying amount due to the short-term nature.
[2] Fair value represents the aggregate of face value of the loan facility and accrued interest.

Fair value hierarchy

The fair value hierarchy establishes three levels to classify inputs to valuation techniques used to measure fair value. Level 1 inputs are valued at quoted prices in active markets for identical assets or liabilities. Level 2 inputs are valued at quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data or other means. The fair value of Property, plant and equipment, Exploration and evaluation and Mine development assets are determined primarily using a market approach based on unobservable cash flows and a market multiples approach where applicable and as a result is classified within Level 3 of the fair value hierarchy.

22. Commitment

Lease Commitment

As of December 1, 2010, the Corporation entered into a sub-lease agreement for office space through March 31, 2018. The minimum annual rent thereunder is Cdn$35,640 plus applicable expenses for the entire term. In addition, the Corporation entered into a lease agreement in respect of additional office space for the period June 1, 2012 to March 31, 2018. The minimum annual rent thereunder was Cdn$39,618, which increased to Cdn$44,020 as of October 1, 2014 plus applicable expenses. As of September 1, 2015, all of the Corporation's premises covered by these agreements were sub-leased the Corporation by a third party through to March 31, 2018 at full recovery.

As at March 31, 2016, the Corporation has finalized and signed contracts for the construction, development and operating activities in Brazil as follows:

	Within 1 year	2 to 3 years	Total
Construction and supply contracts	$ 3,856,332	$ -	$ 3,856,332
Office lease	70,246	-	70,246

In addition, the Corporation has signed agreements for services and supplies to be used during the operations of the Project, including for the supply of diesel fuel.

(Expressed in United States Dollars)

23. Capital disclosure

The Corporation manages its capital structure, defined as shareholders' (deficiency) equity and cash and cash equivalents, to ensure sufficient funds are available to the Corporation to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. The Corporation has cash and cash equivalents held with large Canadian chartered banks and Brazilian banks.

The properties in which the Corporation currently has an interest are in the production, exploration or development stage and as such the Corporation is dependent on external financing to fund its activities. The Corporation will continue to assess new properties and continue to explore and develop existing properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

	March 31, 2016	December 31, 2015
Cash and cash equivalents	$ 1,195,164	$ 621,411
Restricted deposits	903,951	1,248,000
Project loan facility	273,112,134	270,770,175
Share capital	196,773,069	196,773,069
Warrants	-	3,256,109
	$471,984,318	$472,668,764

In accordance with the terms of the Project Facility (note 17), the Corporation is required to maintain certain covenants. These covenants relate to financial and operational and unplanned cost overruns. Due to the delays in the completion of the construction at the RDM Project, the Corporation has defaulted on these covenants. As a result, on October 18, 2013, MRDM and the corporation entered into a Forbearance Agreement as outlined in note 17.

24. Financial risk factor

The Corporation's financial instruments are comprised of financial liabilities and financial assets. Financial liabilities include accounts payable, Project Facility, payables from Gold Stream transaction and derivatives arising from its currency and price protection facilities. The Corporation's main financial assets are cash and cash equivalents, restricted deposits, derivative contracts (prior to settlement) and sundry receivables. The main risks that could adversely affect Carpathian's financial assets, liabilities or future cash flows are as follows:

(a) Credit Risk

The Corporation's exposure to credit risk is primarily relating to its financial assets consisting of cash and cash equivalents and restricted deposits. Cash and cash equivalents consist of deposit accounts held at various Canadian, Brazilian and Romanian chartered banks, from which management believes the risk of loss to be remote.

(b) Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due. As at March 31, 2016, the Corporation faces liquidity risk to the extent that it will be unable to settle current liabilities of $316,135,306 with cash and cash equivalents and restricted deposits totalling $2,099,115. Current liabilities consist of trade and other payables, payables from Gold Stream transaction and borrowings. Commitments, consisting of construction contracts and supply contracts for fuel and other material are included in note 22.

In order to manage this risk, management monitors rolling forecasts of the Corporation's liquidity reserve on the basis of expected cash flows and expenditures.

Pursuant to the agreement with Brio (see note 1), upon closing of the Restructuring, Brio agreed to a US$1 million subscription of common shares of the Corporation. The Corporation continues to pursue strategic alternatives, including a possible sale or financial restructuring. Negotiations are on-going and the Corporation is also considering potential new equity capital raising initiatives. However, no firm offers have been received, and there can be no assurance that any completed transaction will result (note 1). See subsequent events note 25.

(c) Market Risk

Market risk is the risk that changes in market factors, such as interest rates, foreign exchange rates or commodity prices will affect the value of the Corporation's financial instruments.

(i) Interest rate risk

The Corporation's short term investments are interest bearing deposit accounts held at Canadian chartered banks. The Corporation regularly monitors the investments it makes, including amounts of cash funds held in bank accounts and is satisfied with the credit ratings of its banks.

As of March 31, 2016, management estimates that if interest rates had changed by 5% the impact on interest income and net loss for the period would have been approximately $24,599.

24. Financial risk factor (continued)

(c) Market Risk (continued)

(ii) Foreign currency risk

The parent's functional currency is the Canadian dollar. The Corporation is affected by currency transaction and translation risk. The Corporation funds its Romanian exploration and development activities using U.S. dollar currency received from MRDM. The Corporation's liabilities incurred in Canada are primarily payable in Canadian dollars. Liabilities incurred in Romania are settled in Romanian Lei or Euros and liabilities incurred in Brazil are primarily settled in Brazilian Reais. As at March 31, 2016, the Corporation held cash and cash equivalents of $379,732 in Brazilian Reais, $112,344 in Canadian dollars, $1,068,362 in U.S dollars and $14,458 in various European currencies. Consequently, fluctuations in the U.S. dollar currency against these currencies directly affect the cost of property, plant and equipment assets and operating expenditures for various subsidiaries. Management closely monitors variations in the exchange rates of the currencies in which it transacts business.

As of March 31, 2016, management estimates that if foreign exchange rates had changed by 10% against the U.S. dollar, the impact on net loss for the period would have been approximately $327,832.

(iii) Commodity price risk

The Corporation is exposed to price risk with respect to commodity pricing primarily for gold and copper. The Corporation had previously entered into a gold price protection program to mitigate a portion of the downside risk of changes in the market price of gold which were settled during 2015. The Corporation has not entered into any other gold protection program subsequent to the settlement.

25. Subsequent events

(i) On April 29, 2016, the Ontario Superior Court of Justice (Commercial List) issued an order approving, among other things, a credit bid transaction, which was initiated by Brio with the cooperation of the Corporation, and the sale to Brio of all of the Corporation's direct and indirect equity interests in MRDM.

Brio has delivered to the Corporation and the directors of the Corporation and certain of its subsidiaries a full release and discharge with respect to any liability under (i) the project loan facility, the gold purchase agreement and the gold sale and purchase agreement and related guarantees previously entered into by Macquarie and the Corporation, MRDM and certain other subsidiaries of Carpathian, and (ii) Macquarie's security in respect of the foregoing agreements previously acquired by Brio from Macquarie, including the Corporation's guarantee thereof.

None of the other assets of the Corporation have been affected by the Restructuring, and the Corporation continues to own its Romanian assets.

Furthermore, Brio entered into a subscription agreement with the Corporation whereby Brio agreed to purchase 70,194,444 common shares (the "Shares") in the capital stock of the Corporation at a price of CAD$0.018 per Share for aggregate gross proceeds of US$1,000,000 (CAD$1,263,500) on a private placement basis. The subscription price for the Shares was based on the 20-day volume weighted average price thereof as of the close of business on April 26, 2016. The Corporation applied for and was granted an exemption from the Canadian Securities Exchange's minimum price rule in this regard. Closing of the private placement is expected to took place on May 2, 2016.

25. Subsequent events (continued)

(ii) On May 9, 2016, the Corporation announced that it agreed to a private placement into the Corporation whereby Forbes & Manhattan Resources Inc. (“Forbes”) and its associated entities will subscribe to a private placement (the “Private Placement”) of units (the “Units”) for a minimum amount of ten million dollars (CAD$10,000,000) to advance its Rovina Valley Gold Project in Romania. On May 19, 2016, the Corporation closed the Private Placement whereby Forebes, Sulliden Mining Capital Inc. and Black Iron Inc. subscribed to the Units at subscription price of CAD$0.07 per Unit for aggregate gross proceeds of CAD$10,000,000. Each Unit consists of one (1) common share of the Corporation ("Common Share") and one-half (0.5) of a common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one (1) Common Share at a price of CAD$0.12 for a period of two (2) years from the date of issuance. However, the Warrant exercise period may be accelerated if after the date that is 4 months and a day following the closing, the Common Shares trade at a price above CAD$0.15 for a period of 20 consecutive trading days.