Carpathian Gold Inc.

Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2015 and 2014

(Unaudited)

Notice of no auditor review of Condensed Interim Consolidated Financial Statements

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

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Carpathian Gold Inc.
Consolidated Statements of Financial Position
(In United States Dollars)
(Unaudited)

As at

Assets	Note	September 30, 2015 $	December 31, 2014 $
Current assets			
Cash and cash equivalents		**726,046**	310,736
Restricted deposits	5	**1,251,000**	1,248,017
Derivative contracts	20	**-**	5,221,708
Trade receivables		**2,965,803**	1,913,427
Prepaid expenses and sundry receivables		**895,310**	2,909,929
Inventory	6	**38,090,940**	25,271,591
		43,929,099	36,875,408
Non-current assets			
Deposits and receivables		**2,941,027**	3,483,837
Property, plant and equipment	4 and 7	**20,293,693**	27,853,937
Software license costs	4 and 8	**565,573**	662,442
Derivative contracts	20	**-**	5,557,391
Exploration and evaluation assets	4 and 9	**-**	-
Mine development assets	4 and 9	**10,662,933**	11,990,493
Total Assets		**78,392,325**	86,423,508
Liabilities			
Current liabilities			
Trade and other payables	14	**6,600,221**	16,241,500
Project loan facility–short-term	15	**256,858,687**	194,017,772
Payables from Gold Stream transaction	16	**27,549,600**	27,549,600
Deferred income		**-**	785,039
		291,008,508	238,593,911
Non-current liabilities			
Rehabilitation provisions	19	**5,985,384**	5,787,969
Derivative contracts	20	**-**	4,759,237
Total Liabilities		**296,993,892**	249,141,117
(Deficiency) Equity attributable to Shareholders			
Share capital	10	**196,773,069**	196,773,069
Warrants	10	**3,256,109**	3,256,109
Contributed surplus		**10,930,922**	10,925,856
Accumulated deficit		**(410,871,098)**	(365,067,022)
Accumulated other comprehensive loss		**(18,690,569)**	(8,605,621)
Total (Deficiency) Equity		**(218,601,567)**	(162,717,609)
Total Liabilities and (Deficiency) Equity		**78,392,325**	86,423,508

Going concern (Note 1)

Approved by the Board of Directors

Director (signed) Guy Charette Director (signed) David Danziger

The accompanying notes are an integral part of these consolidated financial statements.

Carpathian Gold Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2015 and 2014
(In United States Dollars)
(Unaudited)

	Note	Three-month period ended September 30, **2015** **$**	2014, $	Nine-month period ended September 30, **2015** **$**	2014 $
Revenues		**2,918,926**	-	**40,043,118**	-
Expenses					
Costs and expenses of mining operations					
Operating costs and mine site administrative expenses		**2,309,024**	-	**24,990,949**	-
Mine site depreciation and amortization		**2,043,051**	-	**12,597,227**	-
Development stage operating costs and mine site administrative expenses		**-**	(11,310,133)	**-**	20,855,789
General and administrative expenses	11(a)	**4,845,871**	3,453,614	**11,617,836**	9,752,273
Depreciation and amortization		**23,208**	27,955	**72,673**	70,951
Employee compensation expense	11(b)	**722,678**	1,542,509	**2,569,492**	2,800,770
Impairment	4	**305,062**	10,812,720	**733,850**	37,908,220
Net (gain) loss on derivative contracts	20	**11,589,616**	(11,087,209)	**18,609,398**	2,802,518
Finance costs					
Interest and facility fees		**9,913,728**	-	**27,046,106**	-
Accretion		**65,805**	-	**197,415**	-
Other (income) expense	11(c)	**(6,993,722)**	(4,407,170)	**(12,587,752)**	(3,226,464)
(Loss) income for the period before income tax provision		**(21,905,395)**	10,967,714	**(45,804,076)**	(70,964,057)
Income tax provision		**-**	612,014	**-**	563,831
Income (loss) for the period		**(21,905,395)**	10,355,700	**(45,804,076)**	(71,527,888)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss:					
Cumulative translation adjustments		**(5,463,494)**	(3,435,788)	**(10,084,948)**	(3,079,864)
Other comprehensive loss for the period		**(5,463,494)**	(3,435,788)	**(10,084,948)**	(3,079,864)
Total comprehensive income (loss) for the period		**(27,368,889)**	6,919,912	**(55,889,024)**	(74,607,752)
Basic and diluted income (loss) per share	12	**(0.03)**	0.02	**(0.07)**	(0.12)

The accompanying notes are an integral part of these consolidated financial statements.

Carpathian Gold Inc.
Consolidated Statements of Changes in Shareholders' (Deficiency) Equity
For the three and nine months ended September 30, 2015 and 2014
(In United States Dollars)
(Unaudited)

	Share capital (Note 10) $	Warrants (Note 10) $	Contributed surplus $	Accumulated deficit $	Total Accumulated other comprehensive income (loss) $	Total $
Balance, January 1, 2014	196,773,069	3,256,109	10,894,939	(150,598,613)	(1,852,750)	58,472,754
Comprehensive loss				(81,883,590)	355,923	(81,527,667)
Amortization of options			6,900			6,900
Balance, June 30, 2014	196,773,069	3,256,109	10,901,839	(232,482,203)	(1,496,827)	(23,048,013)
Comprehensive income				10,355,700	(3,435,788)	6,919,912
Amortization of options			20,420			20,420
Balance, September 30, 2014	196,773,069	3,256,109	10,922,259	(222,126,503)	(4,932,615)	(16,107,681)
Comprehensive loss				(142,940,519)	(3,673,006)	(146,613,525)
Amortization of options			3,597			3,597
Balance, December 31, 2014	196,773,069	3,256,109	10,925,856	(365,067,022)	(8,605,621)	(162,717,609)
Comprehensive loss				(23,898,681)	(4,621,454)	(28,520,135)
Amortization of options			4,423			4,423
Balance, June 30, 2015	196,773,069	3,256,109	10,930,279	(388,965,703)	(13,227,075)	(191,233,321)
Comprehensive loss				(21,905,395)	(5,463,494)	(27,368,889)
Amortization of options			643			643
Balance, September 30, 2015	196,773,069	3,256,109	10,930,922	(410,871,098)	(18,690,569)	(218,601,567)

The accompanying notes are an integral part of these consolidated financial statements.

Carpathian Gold Inc.
Consolidated Statements of Cash Flows
For the three and nine months ended September 30, 2015 and 2014
(In United States Dollars)
(Unaudited)

	2015 $	2014 $
Cash flows from operating activities		
Loss for the period	(45,804,077)	(71,527,888)
Depreciation and amortization	12,669,900	70,951
Accretion	197,415	-
Unrealized foreign exchange gain	(12,600,882)	(3,262,229)
Share-based payments	5,066	24,582
Impairment	733,850	37,908,220
Deferred income tax	-	563,831
(Gain) loss on sale of property, plant and equipment	(17,431)	21,089
Interest income	(6,893)	(17,813)
Deferred share unit costs	(753)	151,292
Unrealized loss on derivative contracts	6,019,862	5,361,587
Changes in non-cash working capital balances		
Trade receivables	(1,052,376)	-
Prepaid expenses and sundry receivables	2,014,620	(1,173,210)
Inventories	(12,819,349)	(10,527,887)
Trade, other payables and payables from Gold Stream transaction [1]	(10,657,479)	35,249,917
Deferred revenues	(785,039)	-
	(62,103,566)	(7,157,558)
Cash flows from investing activities		
Restricted deposits	(2,983)	915,027
Interest income	6,893	17,813
Proceeds on sale of property, plant and equipment	22,163	-
Acquisition of property, plant and equipment	(4,741,988)	(26,291,992)
Acquisition of software licensing	(12,085)	(23,710)
Exploration and evaluation assets	(737,699)	(1,658,829)
Mine development assets	(1,704,848)	(18,807,454)
	(7,170,547)	(45,849,145)
Cash flows from financing activities		
Proceeds from Project Loan Facility (net of costs)	67,173,490	47,458,062
	67,173,490	47,458,062
Effect of exchange rates on cash and cash equivalents	2,515,933	3,682,523
Decrease in cash and cash equivalents	415,310	(1,866,118)
Cash and cash equivalents – Beginning of period	310,736	3,011,774
Cash and cash equivalents – End of period	726,046	1,145,656
Supplemental information:		
Interest paid	29,352,550	7,624,778
Income taxes paid	-	-

[1] Included in trade and other payables are net of items related capital expenditure for Property, plant and equipment, Exploration and evaluation assets and Mine development assets totaling $3,315,621 (September 30, 2014 – $7,520,991).

The accompanying notes are an integral part of these consolidated financial statements.

1. Going Concern

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 as well as gold and copper exploration on its property in Romania.

Carpathian Gold Inc. was incorporated under the laws of Canada on January 17, 2003, is domiciled in Canada and its common shares are listed on the Toronto Stock Exchange (“TSX”) trading under the symbol “CPN”. 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 have been prepared on a going concern basis, 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 period ended September 30, 2015, the Corporation incurred a net loss $45,804,077 and as at September 30, 2015 reported an accumulated deficit of $410,871,098, and negative working capital of $247,079,708.

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) in 2013 defaulted 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 15), the availability of which shall be in the absolute discretion of the Macquarie Bank. The events of defaults have resulted in the Corporation reclassifying all borrowings under the Project Facility as current liabilities as at September 30, 2015 and recording an impairment charge in 2013 and 2014. In addition, Macquarie Bank is not obligated to deliver or make payments in respect of the derivative contracts per the agreements. This has resulted in the Corporation not being able to settle its derivative contracts. On September 28, 2015, Macquarie Bank settled all of the Corporation’s derivative contracts (Note 20).

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 the operations at RDM, has caused a temporary reduction in the levels of mining and processing activities at RDM for the next few months. During this time, the RDM Mine will move toward minimal production levels, depending on the availability of water. While it is difficult to predict for how long operations will be reduced, normal production will not resume until the start of the next wet season which typically begins in October of each year.

The Corporation has $726,046 in cash and cash equivalents. These available funds are not sufficient to fund the operations of Riacho dos Machados, the exploration in Romania, working capital requirements or corporate administration costs. The Corporation will need to secure significant additional financing in the immediate term in order to meet the Corporation's requirements for funding of operations and Project Facility repayments on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These circumstances lead to significant doubt 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.

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.

2. 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, 2014.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 24, 2015.

3. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared on the basis of and using the accounting policies consistent with those applied and disclosed in Note 3 to the Corporation's annual financial statements for the year ended December 31, 2014.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

Principles of consolidation

The 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.

(In United States Dollars unless otherwise indicated)

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

Name of entity	Country of incorporation	Ownership
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 (Brazil) Limited	Barbados	100%
Ore-Leave Capital (Barbados) Limited	Barbados	100%
Carpat Gold S.R.L	Romania	100%
Carpathian Gold Limited	British Virgin Islands	100%
HUMEX Magyar-Angol Kutatasies Banyaszati Kft ("HUMEX Kft")	Hungary	100%
SAMAX Romania Limited	British Virgin Islands	100%
SAMAX Romania S.R.L.	Romania	100%

Critical accounting estimates and judgments

In preparing the 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 estimated 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 and nine months ended September 30, 2015 are the same as those disclosed in Note 3 to the Corporations' annual consolidated financial statements for the year ended December 31, 2014.

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 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 consolidated financial statements.

The following amendments form the IASB's Annual Improvements to IFRSs 2012-14 Cycle are effective January 1, 2016. The Company is assessing the impact of these amendments:

- Changes in methods of disposal with respect to non-current assets held for sale and discontinued operations (amendment to *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations*); and
- Disclosure of information elsewhere in the interim financial report (amendments to *IAS 34 Interim Financial Reporting*).

4. Impairment

As at September 30, 2015, a number of impairment indicators were noted by the Corporation in accordance with IAS 36 for its property, plant and equipment and mine assets and in accordance with IFRS 6 for its exploration and evaluation assets. Consequently, the Corporation undertook an impairment test on each of its identified CGUs, focused on MRDM and Romania ("Rovina Valley Project"). A CGU is generally an individual operating mine or development 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 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 mine in Romania.

The 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, exploration and evaluation assets were impaired by $305,062 and $733,850 for the three and nine months ended September 30, 2015. These impairment charges were included within the loss for the period in the statement of comprehensive loss. The fair value of the CGU was measured using market approach and Level 3 inputs.

MRDM

During 2015, the key impairment indicators noted for this CGU were the delays of the Company 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, and a significant debt facility with Macquarie repayable on demand due to the Corporation defaulting on covenants. Further indicators of impairment were identified a forecast significant reduction in planned production capacity due to shortfall in availability of water required for the production process.

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 $57,510,816.

For MRDM CGU, for the nine months ended September 30, 2015, impairment charges totaled $Nil, of which property, plant and equipment were written down by $Nil (December 31, 2014: $81,940,336) exploration and evaluation assets were written down by $Nil (December 31, 2014: $3,921,466) and mine development assets were written down by $Nil (December 31, 2014: $34,740,628). These impairment charges were included within the loss for the year in the statement of comprehensive loss.

The fair value of the CGU was measured using a weighted probability method based on market approach and Level 3 inputs. At September 30, 2015, the fair value of the CGU was measured using discounted after-tax cash flows based on cash flow projections in the Corporation's current life of mine plans. There has been a change in the valuation technique as the Corporation expects to realize the value of the CGU from a sale rather than through continued operations of the CGU. Accordingly in 2014, Corporation has used a market approach to value the CGU.

The key assumptions and estimates used in determining the FVLCD were indicative offers received by the Corporation to purchase MRDM and forecast cash flows associated with the plan of operating the mine at a lower planned production capacity due to the identified forecasted water shortfall. The projected cash flows cover a 12 month period based on the latest expectation of future metal prices, future capital expenditures, production cost estimates and exchange rates. Based on observable market or publicly available data, including spot and forward metal prices, we make an assumption on future gold prices to estimate future revenues. The key assumptions used by the Corporation in the projected cash flows for their impairment testing are: a future gold price of $1,200 per ounce; a Brazilian Reais to US$ exchange rate of 3.2:1; and on ore grade of 1.8 g Au/t.

The key assumptions that impact the forecasted cash flows are commodity price, exchange rate and ore grade. A 10% decrease in the gold price holding all other assumptions constant would result in a decrease in the fair value of MRDM from $57,510,816 to $56,694,955 as at September 30, 2015. A 10% decrease in the exchange rate, holding all other assumptions constant, would result in a decrease in the fair value of MRDM from $57,510,816 to $56,056,783 as at June 30, 2015. A negative 30% change in the ore grade, holding other variables constant, reduces the fair value of MRDM to $55,766,927. Should there be a significant decline in commodity price, exchange rate or ore grade, the Corporation would take actions to assess the implications on carrying value of the assets, production plan and cost structure for MRDM.

5. Restricted Deposits

As at September 30, 2015 the Corporation's restricted deposits totaled $1,251,000 (December 31, 2014 - $1,248,017), representing an employee trust fund of $1,248,000 (December 31, 2014 - $1,248,000) and currency held in US$ which will be available to fund the operations of MRDM once it is converted to Brazilian Reais through execution of an exchange contract.

(In United States Dollars unless otherwise indicated)

6. Inventory

	September 30, 2015	December 31, 2014
Finished products	**402,755**	1,242,867
Work-in-process	**33,152,343**	19,557,191
Stockpiles	**601,530**	773,948
Mine supplies	**3,934,312**	3,697,585
	38,090,940	25,271,591

7. Property, Plant and Equipment

Cost	Land $	Plant and Other Constructions $	Buildings $	Leasehold Improvements $	Office Equipment $	Computer Equipment $	Vehicles $	Machinery & Equipment $	Total $
Balance, December 31, 2013	398,226	75,330,248	449,824	378,740	793,820	539,940	601,129	18,845,005	97,336,932
Additions	-	25,136,343	1,190,210	316	61,035	26,163	-	177,614	26,591,681
Impairment (Note 4)	(9,825)	(81,940,336)	(395,697)	-	(6,365)	(15,958)	(54,439)	(8,596)	(82,431,216)
Disposals	-	-	-	-	(30,239)	-	(44,624)	-	(74,863)
Balance, December 31, 2014	**388,401**	**18,526,255**	**1,244,337**	**360,549**	**812,578**	**547,092**	**502,066**	**19,012,382**	**41,393,660**
Additions	**-**	**4,356,959**	**639,686**	**-**	**10,653**	**38,191**	**-**	**307,215**	**5,352,704**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(158,568)**	**-**	**(158,568)**
Effect of changes in foreign exchange rates	**-**	**-**	**-**	**(28,067)**	**(8,604)**	**(4,629)**	**-**	**(2,489)**	**(43,789)**
Balance, September 30, 2015	**388,401**	**22,883,214**	**1,884,023**	**332,482**	**814,627**	**580,654**	**343,498**	**19,317,108**	**46,544,007**

Accumulated depreciation	Land $	Plant and Other Constructions $	Buildings $	Leasehold Improvements $	Office Equipment $	Computer Equipment $	Vehicles $	Machinery & Equipment $	Total $
Balance, December 31, 2013	-	-	37,879	132,279	177,150	266,770	342,986	4,120,257	5,077,321
Depreciation	-	3,956,478	102,133	65,700	82,247	74,052	91,867	4,257,264	8,629,741
Impairment (Note 4)	-	-	(37,515)	-	(1,146)	(10,941)	(44,830)	(4,119)	(98,551)
Disposals	-	-	-	-	(9,150)	-	(44,624)	-	(53,774)
Effect of changes in foreign exchange rates	-	-	-	(9,178)	(2,157)	(2,599)	-	(1,080)	(15,014)
Balance, December 31, 2014	**-**	**3,956,478**	**102,497**	**188,801**	**246,944**	**327,282**	**345,399**	**8,372,322**	**13,539,723**
Depreciation	**-**	**9,729,256**	**199,199**	**42,131**	**63,903**	**56,450**	**61,663**	**2,738,296**	**12,890,898**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(153,835)**	**-**	**(153,835)**
Effect of changes in foreign exchange rates	**-**	**-**	**-**	**(16,811)**	**(3,844)**	**(3,826)**	**-**	**(1,991)**	**(26,472)**
Balance, September 30, 2015	**-**	**13,685,734**	**301,696**	**214,121**	**307,003**	**379,906**	**253,226**	**11,108,627**	**26,250,314**

(In United States Dollars unless otherwise indicated)

Net book value	Land	Plant and Other Constructions	Buildings	Leasehold Improvements	Office Equipment	Computer Equipment	Vehicles	Machinery & Equipment	Total
	$	$	$	$	$	$	$	$	$
Balance, December 31, 2014	388,401	14,569,777	1,141,840	171,748	565,634	219,810	156,667	10,640,060	27,853,937
Balance, September 30, 2015	**388,401**	**9,197,480**	**1,582,327**	**118,361**	**507,624**	**200,748**	**90,271**	**8,208,481**	**20,293,693**

As at September 30, 2015 the carrying value of property, plant and equipment is comprised of $97,178 in corporate and other (December 31, 2014 - $144,641) and $20,196,515 in Brazil (December 31, 2014 - $27,709,296).

8. Software License Costs

	Cost $	Accumulated Amortization $	Net Book Value $
Balance, December 31, 2013	1,065,297	362,296	703,001
Additions	98,245	115,706	(17,461)
Impairment (Note 4)	(24,500)	(11,244)	(13,256)
Effect of changes in foreign exchange rates	(30,454)	(20,612)	(9,842)
Balance, December 31, 2014	**1,108,588**	**446,146**	**662,442**
Additions	**21,503**	**108,954**	**(87,451)**
Effect of changes in foreign exchange rates	**(46,185)**	**(36,767)**	**(9,418)**
Balance, September 30, 2015	**1,083,906**	**518,333**	**565,573**

As at September 30, 2015 the carrying value of software licensing fees is comprised of $38,638 in corporate and other (December 31, 2014 - $90,585), $526,935 in Brazil (December 31, 2014 - $571,857).

9. Exploration and Evaluation and Mine Development Assets

Exploration and evaluation assets	Romania $	Brazil $	Total $
Balance at December 31, 2013	50,483,191	3,312,035	53,795,226
Additions	1,240,169	609,431	1,849,600
Impairment (Note 4)	(51,723,360)	(3,921,466)	(55,644,826)
Balance at December 31, 2014	-	-	-
Additions	**733,850**	-	**733,850**
Impairment (Note 4)	**(733,850)**	-	**(733,850)**
Balance at September 30, 2015	-	-	-

(In United States Dollars unless otherwise indicated)

Mine development assets	Brazil $
Balance at December 31, 2013	34,433,849
Additions [1]	13,706,977
Amortization	(1,409,705)
Impairment	(34,740,628)
Balance at December 31, 2014	11,254,809
Additions	2,440,382
Amortization	(3,032,258)
Balance at September 30, 2015	10,662,933

[1] 18,226,963 in borrowing costs were capitalized in Development assets during the year ended December 31, 2014, of which $15,728,136 related to interest on the Project Facility and $2,498,827 facility fees related to the Project Facility (Note 15). Pre-production revenues and associated costs have been capitalized in Development assets.

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.

10. 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 shares	$
Balance at December 31, 2013		555,419,911	179,623,924
Common Shares issued on private placement (net of costs of $1,317,329)	10(c)	138,750,000	17,149,145
Balance at September 30, 2015 and December 31, 2014		694,169,911	196,773,069

(c) On August 29, 2013, pursuant to an agreement with Cormark Securities Inc. and Macquarie Capital Markets Canada Ltd. (collectively the “Co-Lead Underwriters”), the Corporation completed a bought deal private placement of shares of the Corporation at an issue price of Cdn$0.14 per share. On August 29, 2013, the Corporation issued a total of 57,871,429 common shares for gross proceeds of $7,699,076 (Cdn$8,102,000). On September 5, 2013, the Corporation issued a total of 80,878,571 common shares for gross proceeds of $10,767,397 (Cdn$11,323,000). In total, the Corporation issued an aggregate of 138,750,000 common shares under both tranches of the private placement for aggregate gross proceeds of $18,466,473 (Cdn$19,425,000). Costs of the issue were $1,317,329.

(In United States Dollars unless otherwise indicated)

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

	Number of Options	**Weighted Average Exercise Price Cdn$**
Balance at December 31, 2013	**29,437,000**	0.43
Expired during the period	**(4,870,000)**	0.26
Forfeited during the period	**(15,306,000)**	0.43
Granted during the period	**1,400,000**	0.03
Balance at December 31, 2014	**10,661,000**	0.43
Forfeited During the period	**(200,000)**	0.03
Balance at September 30, 2015	**10,461,000**	0.45

As at September 30, 2015, stock options held by directors, officers, employees and consultants are as follows:

	Options Outstanding	**Fair Value at Grant Date**	**Exercise Price Cdn$**	**Remaining Contractual Life**	**Options Exercisable**
Directors	200,000	71,579	0.56	30 days	200,000
Directors, officers and employees	5,241,000	1,810,603	0.58	321 days	5,241,000
Directors, officers and employees	3,520,000	327,527	0.40	1 years 318 days	3,520,000
Employee	300,000	41,849	0.40	2 years 10 days	300,000
Employees	1,200,000	23,241	0.03	3 years 263 days	800,000
Balance at September 30, 2015	10,461,000	2,274,799		1 years 203 days	10,061,000

As at September 30, 2015 the number of stock options available for exercise was 10,061,000 at a weighted average exercise price of Cdn$0.49 and the aggregate remaining unamortized value of unvested stock options granted was $2,767.

Using the fair value method, total share-based compensation for stock options issued and outstanding for the three and nine months ended September 30, 2015 were $643 (September 30, 2014 - $20,420) and $5,067 (September 30, 2014 - $28,234), respectively.

(In United States Dollars unless otherwise indicated)

(e) Common Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price Cdn$
Issued on Finalization of Project Facility	**20,000,000**	**0.40**
Balance at September 30, 2015 and December 31, 2014	**20,000,000**	**0.40**

The fair value of the Common share purchase warrants granted to Macquarie Bank (Note 15) was estimated at $3,256,109 using the Black Scholes valuation model using the exercise price of Cdn$0.40, expiry of January 11, 2016 and volatility of 65.0%.

11. Expense Breakdown

(a) General and administrative expenses

	Three-month period ended September 30		Nine-month period ended September 30	
	2015	2014	**2015**	2014
	$	$	**$**	$
Professional fees	**2,386,893**	1,374,489	**5,567,193**	5,837,774
Investor relations and advertising	**38,961**	42,045	**110,772**	100,557
Business and development	**80,339**	163,673	**280,180**	289,071
Office and general	**2,339,678**	1,873,407	**5,659,690**	3,524,872
	4,845,871	3,453,614	**11,617,835**	9,752,274

(b) Employee compensation expense

	Three-month period ended September 30		Nine-month period ended September 30	
	2015	2014	**2014**	2014
	$	$	**$**	$
Salaries and benefits	**729,707**	1,544,479	**2,565,178**	2,927,480
Share based payments	**643**	18,221	**5,067**	24,582
Deferred share unit costs	**(7,672)**	(20,191)	**(753)**	(151,292)
	722,678	1,542,509	**2,569,492**	2,800,770

(In United States Dollars unless otherwise indicated)

(c) Other (income) expense

	Three-month period ended September 30		Nine-month period ended September 30	
	2015	2014	**2015**	2014
	$	$	**$**	$
Foreign exchange loss (gain)	**(6,993,413)**	(4,417,652)	**(12,600,885)**	(3,262,229)
Interest income	**(3,461)**	(176)	**(6,893)**	(17,813)
Other expense	**3,152**	10,657	**20,026**	52,962
Interest expense	**-**	1	**-**	616
	(6,993,722)	(4,407,170)	**(12,587,752)**	(3,226,464)

12. 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 and nine months ended September 30, 2015 were 694,169,911 (2014 - 694,169,911) and 694,169,911 (2014 - 694,169,911), respectively. Stock options and warrants are considered anti-dilutive and therefore are excluded from the calculation of diluted earnings per share.

13. Deferred Share Units

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:

	September 30, 2015	December 31, 2014
Number of DSUs outstanding, beginning of period	**948,669**	2,395,434
Redeemed (at weighted average market price of Cdn$0.04)	**-**	(1,446,765)
Number of DSUs outstanding, end of period	**948,669**	948,669
Liability, end of period	**$7,080**	$8,975

(In United States Dollars unless otherwise indicated)

	Three-month period ended September 30		Nine-month period ended September 30	
	2015	2014	**2015**	2014
Compensation expense (recovery) for the period	**(7,672)**	(20,191)	**(753)**	(151,292)

14. Trade and other payables

	September 30, 2015	December 31, 2014
Trade payables	**4,288,569**	10,627,988
Accrued liabilities	**2,311,652**	5,613,512
	6,600,221	16,241,500

15. Project Loan Facility

On January 11, 2013, the Corporation, through its wholly owned subsidiary, MRDM and Macquarie Bank signed a definitive agreement for a Project Facility loan with Macquarie Bank. The Project Facility agreement is a five year agreement with standard commercial terms as is customary in agreements of this nature. Subject only to interest breakage costs, the Corporation may repay the Project Facility at any time, with no adverse penalties. The Corporation has granted Macquarie Bank 20 million common share purchase warrants at an exercise price of Cdn$0.40 per warrant for a period of three years. The fair value of these warrants was estimated at $3,256,109 using a Black-Scholes model. In addition, the Corporation granted Macquarie Bank a call option on 10,000 ounces of gold exercisable at $2,000 per ounce for a three year period from the date of commencement of operations (the "Gold Option A"). The Gold Option A had a fair value of $1,400,000 liability on the date of grant (Note 21). Total cost of debt issuance amounted to $7,097,513, which includes $1,800,000 fee to Macquarie and $641,404 of other costs and have been netted against the Project Facility balance.

On August 28, 2013, the Corporation entered into an agreement with Macquarie Bank to amend the Facility as follows:

a) The Corporation granted Macquarie Bank Gold Option B to acquire 10,000 ounces of gold at $1,600 per ounce for a three year period from the date of commencement of operations; and

b) Amended the strike price of the previous Gold Option A to acquire 10,000 ounces of gold at $2,000 per ounce for a three year period to $1,600 per ounce.

The additional Gold Option B had a fair value of $1,525,000 liability on the date of the amendment and the previously issued Gold Option A had an additional fair value of $805,000 on the day of amendment (Note 21). Total cost of amended debt terms amounted to $2,378,200, which includes the increase in fair value of original 10,000 ounces of gold and the fair value of the options for the additional 10,000 ounces of gold, and $48,200 other costs and have been netted against the Project Facility balance. The cost of the amendment offset against the balance of the Project Facility as the extension was determined to be a modification of the existing agreement rather than an extinguishment for accounting purposes. As a result of delays in the completion of the construction at the Corporation's project MRDM, as borrower, and the Corporation (as guarantor) defaulted on certain covenants under the Project Facility arrangement with Macquarie Bank, as detailed in Note 1. Due to the Forbearance Agreement all deferred debt issuance costs were written off to Mine Development assets, resulting in financing costs of $9,475,713 for year ended December 31, 2013.

(In United States Dollars unless otherwise indicated)

As at September 30, 2015, the principal balance outstanding on the Project Facility was $255,565,320. Interest accrued during the three and nine months ended September 30, 2015 were $9,359,876 (September 30, 2014 - $6,180,618) and $24,981,918 (September 30, 2014 - $15,528,135), respectively. Facility fees paid for the three and nine months ended September 30, 2015 were $1,671,788 (September 30, 2014 - $549,424) and $3,182,124 (September 30, 2014 - $3,079,319), respectively. Interest paid for the three and nine months ended September 30, 2015 was $11,126,364 (September 30, 2014 - $3,457,272) and $29,352,550 (September 30, 2014 - $11,084,051).

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 February 15, 2016. Pursuant to the Forbearance Agreement, funds drawn under Tranche 3 of the Project Facility must be repaid by February 16, 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 $184.00 million, at its discretion, of additional financing under a "Tranche 3" of the Project Facility. Tranche 3 of the Project Facility is repayable on February 16, 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.

As at September 30, 2015, the Corporation had drawn an aggregate of $255,565,320 against the Project Facility as follows:

Draw down date	Tranche 1	Tranche 2	Tranche 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
May18, 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

(In United States Dollars unless otherwise indicated)

Draw down date	Tranche 1	Tranche 2	Tranche 3	Total
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
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

(In United States Dollars unless otherwise indicated)

Draw down date	Tranche 1	Tranche 2	Tranche 3	Total
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	-	-	14,815,952	14,815,952
September 28, 2015	-	-	931,436	931,436
	65,000,000	25,000,000	165,565,320	255,565,320

16. Payables form 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 September 30, 2015, 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.

(In United States Dollars unless otherwise indicated)

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 August 14, 2015.

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.

17. Segmented Information

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

Operating Segment	**Corporate and Other**	**Brazil**	**Romania**	**Total**
Consolidated Statement of Financial Position				
As at September 30, 2015				
Total Assets	**2,639,949**	**75,730,895**	**21,481**	**78,392,326**
Total Liabilities	**638,526**	**296,343,932**	**11,434**	**296,993,892**
As at December 31, 2014				
Total Assets	2,349,192	84,039,313	35,003	86,423,508
Total Liabilities	948,327	248,177,506	15,284	249,141,117

(In United States Dollars unless otherwise indicated)

Operating Segment	**Corporate and Other**	**Brazil**	**Romania**	**Total**
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)				
For the three months ended September 30, 2015				
Revenues	**-**	**2,918,926**	**-**	**2,918,926**
Expenses				
Cost and expenses of mining operations				
Operating costs and mine site administrative expenses	**-**	**2,309,024**	**-**	**2,309,024**
Mine site depreciation and amortization	**-**	**2,043,051**	**-**	**2,043,051**
General and administrative expenses (Including depreciation and amortization)	**2,166,444**	**2,702,635**	**-**	**4,869,079**
Employee compensation costs	**205,825**	**516,853**	**-**	**722,678**
Impairment	**-**	**-**	**305,062**	**305,062**
Net (gain) loss on derivative contracts	**-**	**11,589,616**	**-**	**11,589,616**
Foreign exchange loss (gain)	**(6,431,861)**	**(501,513)**	**(60,039)**	**(6,993,413)**
Interest income, net of expenses	**(255)**	**(3,206)**	**-**	**(3,461)**
Finance costs				
Interest and facility fees	**-**	**9,913,728**	**-**	**9,913,728**
Accretion	**-**	**65,805**	**-**	**65,805**
Other expense	**-**	**3,152**	**-**	**3,152**
Income (loss) for the period	**4,059,847**	**(25,720,219)**	**(245,023)**	**(21,905,395)**
Other Comprehensive income (loss) for the period	**(5,463,494)**	**-**	**-**	**(5,463,494)**
Total comprehensive loss for the period	**(1,403,647)**	**(25,720,219)**	**(245,023)**	**(27,368,889)**

Operating Segment	**Corporate and Other**	**Brazil**	**Romania**	**Total**
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)				
For the three months ended September 30, 2014				
Operating costs and mine site administrative expenses	-	(11,310,133)	-	(11,310,133)
General and administrative expenses (Including depreciation and amortization)	1,093,322	2,388,247	-	3,481,569
Employee compensation costs	268,403	1,274,106	-	1,542,509
Impairment	-	-	10,812,720	10,812,720
Net gain on derivative contracts	-	(11,087,209)	-	(11,087,209)
Foreign exchange loss (gain)	(3,432,277)	(984,444)	(931)	(4,417,652)
Interest income, net of expenses	(175)	-	-	(175)
Other expense	-	10,657	-	10,657
Income tax expense	-	-	612,014	(612,014)
Income (loss) for the period	2,070,727	19,708,776	(11,423,803)	10,355,700
Other Comprehensive income (loss) for the period	(3,435,788)	-	-	(3,435,788)
Total comprehensive income (loss) for the period	(1,365,061)	19,708,776	(11,423,803)	6,619,912

(In United States Dollars unless otherwise indicated)

Operating Segment	Corporate and Other	Brazil	Romania	Total
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)				
For the nine months ended September 30, 2015				
Revenues	**-**	**40,043,118**	**-**	**40,043,118**
Expenses				
Cost and expenses of mining operations				
Operating costs and mine site administrative expenses	**-**	**24,990,949**	**-**	**24,990,949**
Mine site depreciation and amortization	**-**	**12,597,227**	**-**	**12,597,227**
General and administrative expenses (Including depreciation and amortization)	**5,113,026**	**6,577,483**	**-**	**11,690,509**
Employee compensation costs	**689,422**	**1,880,070**	**-**	**2,569,492**
Impairment	**-**	**-**	**733,850**	**733,850**
Net (gain) loss on derivative contracts	**-**	**18,609,398**	**-**	**18,609,398**
Foreign exchange loss (gain)	**(11,028,655)**	**(1,527,740)**	**(44,490)**	**(12,600,885)**
Interest income, net of expenses	**(921)**	**(5,972)**	**-**	**(6,893)**
Finance costs				
Interest and facility fees	**-**	**27,046,106**	**-**	**27,046,106**
Accretion	**-**	**197,415**	**-**	**197,415**
Other expense	**-**	**20,026**	**-**	**20,026**
Income (loss) for the period	**5,227,128**	**(50,341,844)**	**(689,360)**	**(45,804,076)**
Other Comprehensive income (loss) for the period	**(10,084,948)**	**-**	**-**	**(10,084,948)**
Total comprehensive loss for the period	**(4,857,820)**	**(50,341,844)**	**(689,360)**	**(55,889,024)**

Operating Segment	Corporate and Other	Brazil	Romania	Total
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)				
For the nine months ended September 30, 2014				
Operating costs and mine site administrative expenses	-	20,855,789	-	20,855,789
General and administrative expenses (Including depreciation and amortization)	5,371,038	4,452,186	-	9,823,224
Employee compensation costs	666,326	2,134,444	-	2,800,770
Impairment	-	-	37,908,220	37,908,220
Net loss on derivative contracts	-	2,802,518	-	2,802,518
Foreign exchange loss (gain)	(3,023,310)	(224,304)	(14,615)	(3,262,229
Interest income, net of expenses	(498)	(16,699)	-	(17,197)
Other expense	-	52,962	-	52,962
Income tax recovery	-	-	563,831	563,831
Loss (income) for the period	(3,013,556)	(30,056,896)	(38,457,436)	(71,527,888)
Other Comprehensive loss for the period	(3,079,864)	-	-	(3,079,864)
Total comprehensive loss for the period	(6,093,420)	(30,056,896)	(38,457,436)	(74,607,752)

(In United States Dollars unless otherwise indicated)

18. Related Parties

As at September 30, 2015 there were no amounts due to or from related parties (December 31, 2014 - $Nil).

19. Rehabilitation Provisions

The Corporation's rehabilitation provisions arise from its obligations to undertake site reclamation and remediation in connection with its mining activities. The following table summarizes the movements in the provisions:

	September 30, 2015	December 31, 2014
Balance at beginning of period	**5,787,969**	5,125,296
Provision	**-**	320,195
Accretion	**197,415**	65,804
Change in estimate	**-**	276,674
	5,985,384	5,787,969

As at September 30, 2015, the Corporation estimated the total undiscounted amount of the estimated cash flows required to settle the decommissioning and other rehabilitation obligations of the Corporation's Brazilian subsidiary to be approximately $8,200,000 with the most significant expected outflows commencing in approximately 7.25 years. As at September 30, 2015 the rehabilitation provision has been discounted using a discount rate of 4.60%. A 1% increase in the discount rate would result in a decrease of rehabilitation provision by $419,398 and a 1% decrease in the discount rate would result in an increase in the rehabilitation provision by $457,086, while holding the other assumptions constant.

20. Derivative Contracts

Currency and Commodity gold contracts

In conjunction with the Project Facility (Note 15), the Corporation through Macquarie Bank, also entered into price protection programs in the form of currency swaps for the Project's capital expenditures ("CAPEX") (R$1.9 to US$1.00) and estimated operating expenditures ("OPEX") (R$1.983 to US$1.00) as well as a gold price protection program ("Gold Contracts") comprised of 216,600 ounces of gold at varying prices of from $1,177 to $1,600 per ounce. The fair value of the Gold Contracts was a liability of $92,727,754 prior to settlement on September 28, 2015.

The CAPEX currency swap was arranged to mitigate the risk associated with fluctuations in the Brazilian Reais (R$) during the mine construction period relative to the US$. The OPEX currency swaps were arranged to cover R$/US$ currency fluctuations during the initial years of the mine operations for a notional amount of R$317,202,176. The fair value of the OPEX currency swaps was an asset of $78,815,543 prior to settlement on September 28, 2015.

Derivatives arising from the currency swaps and gold contracts are intended to manage the Corporation's risk management objectives associated with changing market values, but they do not meet the strict hedge effectiveness criteria designated in a hedge accounting relationship. Accordingly, these derivatives have been classified as “non-hedge derivatives”.

(In United States Dollars unless otherwise indicated)

Gold options

The fair value of the Gold Option A granted to Macquarie Bank in 2013 and the Gold Option B (Note 15) was estimated was a liability of $162,934 prior to settlement on September 28, 2015.

Summary of Derivatives at December 31, 2014

	Notional Amount by Term to Maturity ($)				Fair Value ($)
	Within 1 year	2 to 3 years	4 to 5 years	Total	
Currency contracts:					
OPEX contract	31,992,151	85,312,402	63,984,302	181,288,855	(66,104,760)
Commodity contracts:					
Gold contract	68,525,970	145,920,000	109,440,000	323,885,970	72,584,622
Gold Options	-	32,000,000	-	32,000,000	(460,000)

Fair Values of Derivative Instruments

	Balance Sheet Classification	**Fair Value as at September 30, 2015**	Fair Value as at December 31, 2014	Balance Sheet Classification	**Fair Value as at September 30, 2015**	Fair Value as at December 31, 2014
Currency contracts:						
OPEX contract		**-**	-	Current liabilities	**-**	9,212,007
OPEX contract		**-**	-	Non-current liabilities	**-**	52,892,753
Commodity contracts:						
Gold contract	Current assets	**-**	14,433,715	Current liabilities	**-**	-
Gold contract	Non-current assets	**-**	58,150,907	Non-current liabilities	**-**	-
Gold Options		-	-	Non-current liabilities	**-**	460,000

Changes in the fair value of the Gold Options derivative in the Agreement and the Currency and Gold Contract derivatives are recognized in the consolidated statement of loss as net gains or losses on non-hedge derivatives.

Unrealized gains or losses arising from the changes in fair value of the Gold Options derivatives and currency and commodity contracts derivatives for the three and nine months ended September 30, 2015 amounted to a gain of $2,485,529 (September 30, 2014 – gain of $8,528,141) and a loss of $6,019,889 (September 30, 2014 – loss of $5,361,586), respectively. Realized gains arising from settlement of all currency, commodity and gold option contract derivatives for the three and nine months ended September 30, 2015 amounted to a loss of $14,075,145 (September 30, 2014 – gain of $2,559,068) and a loss of $12,489,509 (September 30, 2014 – gain of $2,559,068), respectively. These realized and unrealized gains and losses are recognized in the consolidated statement of loss as net gains or losses on derivative contracts.

(In United States Dollars unless otherwise indicated)

Net realized and unrealized (gains) losses on Derivatives

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2015	2014	**2015**	2014
Currency contracts:				
OPEX contract	**(13,026,693)**	26,071,781	**(15,698,051)**	2,095,908
Commodity contracts:				
Gold contract	**24,290,177**	(36,832,990)	**34,173,317**	1,660,610
Gold Options	**326,132**	(326,000)	**134,132**	(954,000)

21. Financial Instruments and fair values

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 September 30, 2015 and December 31, 2014.

		September 30, 2015		December 31, 2014	
	Level	**Carrying amount**	**Estimated fair value**	Carrying amount	Estimated fair value
Financial Assets					
Loans and receivables					
Cash and cash equivalents[1]	**1**	**726,046**	**726,046**	310,736	310,736
Restricted deposits[1]	**1**	**1,251,000**	**1,251,000**	1,248,017	1,248,017
Trade receivables[1]	**2**	**2,965,804**	**2,965,804**	1,913,427	1,913,427
Sundry Receivables[1]	**2**	**46,716**	**46,716**	52,207	52,207
Financial Liabilities					
Amortized cost					
Trade and other payables[1]	**2**	**6,593,141**	**6,593,141**	16,232,525	16,232,525
Project Loan Facility[3]	**2**	**256,858,687**	**256,858,687**	194,017,772	194,017,772
Production shortfall payable[1]	**2**	**27,549,600**	**27,549,600**	27,549,600	27,549,600
Deferred revenues[1]	**2**	**-**	**-**	785,039	785,039
Fair value through profit and loss					
Derivative contracts	**2**	**-**	**-**	6,019,862	6,019,862
Deferred Share Units[2]	**1**	**7,080**	**7,080**	8,975	8,975

[1] Fair value approximates the carrying amount due to the short-term nature.
[2] Based on market price of the Corporation's common shares at period end.
[3] 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.

(In United States Dollars unless otherwise indicated)

Valuation techniques

The fair value of derivative instruments is determined using either present value techniques or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. Currency contracts and commodity forward contracts were in a net asset position and therefore, the Corporation used credit default swap (the "CDS") spread of Macquarie Bank. The fair value of currency swap contracts is determined by discounting contracted cash flows using a discount rate derived from observed LIBOR and swap rate curves and CDS rates. In the case of currency contracts, the Corporation converts non-U.S. dollar cash flows into U.S. dollars using an exchange rate derived from currency swap curves and CDS rates. The fair value of commodity forward contracts is determined by discounting contractual cash flows using a discount rate derived from observed LIBOR and swap rate curves and CDS rates. Contractual cash flows are calculated using a forward pricing curve derived from observed forward prices for each commodity. Gold options are valued based on valuations taken from the CME Group Inc. gold options quote site using American options for strike range of $1,600 and expiry date of December 2016. Derivative instruments are classified within Level 2 of the fair value hierarchy.

22. Commitments

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-subleased or sub-leased, as the case may be, form the Corporation by a third party through to March 31, 2018 at full recovery.

As at September 30, 2015, 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	2,873,522	-	2,873,522
Office lease	73,237	18,309	91,546

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.

(In United States Dollars unless otherwise indicated)

23. Capital Disclosures

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.

The Corporation's capital items are the following:

	September 30, 2015	December 31, 2014
Cash and cash equivalents	**726,046**	3,10,736
Restricted deposits	**1,251,000**	1,248,004
Project loan facility	**256,858,687**	188,391,830
Share capital	**196,773,069**	196,773,069
Warrants	**3,256,109**	3,256,109
	458,864,911	389,979,761

In accordance with the terms of the Project Facility (Note 15), the Corporation is required to maintain certain covenants, most of which will become effective on commencement of production. These covenants relate to financial and operational, including delays in commencement of production 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 15.

24. Financial Risk Factors

The Corporation's financial instruments are comprised of financial liabilities and financial assets. Financial liabilities include accounts payable, Project Facility, payables form 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 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 credit risk is primarily attributable to cash and cash equivalents, restricted deposits and derivative assets on its various currency swap and gold contracts. Cash and cash equivalents consist of deposit accounts held at various Canadian and Brazilian chartered banks, from which management believes the risk of loss to be remote. For derivatives with a positive fair value, the Corporation is exposed to credit risk equal to the carrying value. The Corporation mitigates credit risk on these derivatives by entering into derivatives with high credit-quality counterparties and monitoring the financial condition of the counterparties on a regular basis.

(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 September 30, 2015, the Corporation faces liquidity risk to the extent that it will be unable to settle current liabilities of $291,008,508 with cash and cash equivalents and restricted deposits totalling $1,977,046. Current liabilities consist of trade and other payables, payables from Gold Stream transaction, borrowings and fair value of derivative contracts that are predominantly due within three months to not later than a year. Commitments, consisting of construction contracts and supply contracts for fuel and other material are included in Note 23.

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.

Due to the events of default and Forbearance Agreement, all borrowings under the Project Facility have been reclassified as current liabilities and borrowings under Tranche 3 of the Project Facility due on February 16, 2016 (Note 1).

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).

(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. Management endeavours to mitigate market risk through the use of currency and gold derivatives.

(i) Interest rate risk

The Corporation's short term investments are interest bearing deposit accounts held at Canadian chartered banks. The Corporation also holds a portion of its funds in bank accounts that earn variable interest rates. The Corporation regularly monitors the investments it makes and is satisfied with the credit ratings of its banks. Interest rate fluctuations could also have a significant impact on the valuation of Carpathian's derivatives. The Corporation is also exposed to interest rate risk with regard to the Project Facility.

As of September 30, 2015, management estimates that if interest rates had changed by 5% the impact on investment income and net loss for the period would have been approximately $25,049. In addition, if interest rates had changed by 5% the impact of the Project Facility interest and net loss for the period would have been approximately $7,852,904.

(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 settled in Brazilian Reais. As at September 30, 2015, the Corporation held cash and cash equivalents of $97,781 in Brazilian Reais, $141,285 in Canadian dollars, $462,560 in U.S dollars and $24,421 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. To further mitigate these inherent risks the Corporation had entered into certain currency swap arrangements effective December 15, 2011, which were amended as of December 24, 2013, covering a substantial portion of its OPEX on the RDM Project in Brazil.

As of September 30, 2015, excluding the effect fluctuations in the R$/US$ exchange rate would have on the valuation of its currency derivatives, 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 $398,467.

(iii) Commodity price risk

The Corporation is exposed to price risk with respect to commodity pricing primarily for gold and copper. The Corporation has entered into a gold price protection program to mitigate a portion of the downside risk of changes in the market price of gold (Note 20).

25. Subsequent Event

(a) Subsequent to September 30, 2015, Macquarie Bank has agreed to increase additional financing under Tranche 3 of the Facility to $184.00 million, resulting in a total Project Facility of $274.00 million and to extend the repayment date for any funds drawn under Tranche 3 of the Facility to February 16, 2016.

(b) As at November 24, 2015, the Corporation drew $177.10 million against the Project Facility's Tranche 3, resulting in a total Project Facility of $267.10 million, as amended by the Forbearance Agreement.

(c) Subsequent to September 30, 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 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").

Pursuant to the Option Agreement, Macquarie Bank has 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 exercise or early termination of the Option Agreement and (ii) February 15, 2016. Under the Option Agreement, to the extent that cash flows from the 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 Option Agreement. Any drawdowns requested by MRDM under the Facility remain subject to the discretion of Macquarie Bank.

Furthermore, the Corporation has entered into an agreement with Brio and Macquarie Bank (the “Restructuring Agreement”) whereby the Corporation and Brio have agreed that, in the event Brio exercises its option to acquire the Financial Assets under the Option Agreement, 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 (the “Restructuring”). 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.

As well, upon closing of the Restructuring, Brio has 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.