

# **Carpathian Gold Inc.**

Condensed Interim Consolidated Financial Statements  
For the three and six months ended June 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**

	Note	June 30, 2015 \$	December 31, 2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		841,296	310,736
Restricted deposits	5	1,332,609	1,248,017
Derivative contracts	20 and 21	2,572,700	5,221,708
Trade receivables		3,151,396	1,913,427
Prepaid expenses and sundry receivables		1,128,209	2,909,929
Inventory	6	35,136,278	25,271,591
		<u>44,162,488</u>	36,875,408
<b>Non-current assets</b>			
Deposits and receivables		3,655,628	3,483,837
Property, plant and equipment	4 and 7	21,986,981	27,853,937
Software license costs	4 and 8	605,221	662,442
Derivative contracts	20 and 21	2,946,480	5,557,391
Exploration and evaluation assets	4 and 9	-	-
Mine development assets	4 and 9	10,612,946	11,990,493
		<u>44,162,488</u>	36,875,408
<b>Total Assets</b>		<u><b>83,969,744</b></u>	<u>86,423,508</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	8,540,744	16,241,500
Project loan facility– short-term	15	225,188,406	194,017,772
Payables from Gold Stream transaction	16	27,549,600	27,549,600
Derivative contracts	20 and 21	-	-
Deferred income		-	785,039
		<u>261,278,750</u>	238,593,911
<b>Non-current liabilities</b>			
Rehabilitation provisions	20	5,919,579	5,787,969
Derivative contracts	20 and 21	8,004,736	4,759,237
		<u>13,924,315</u>	10,547,186
<b>Total Liabilities</b>		<u><b>275,203,065</b></u>	<u>249,141,117</u>
<b>(Deficiency) Equity attributable to Shareholders</b>			
Share capital	10	196,773,069	196,773,069
Warrants	10	3,256,109	3,256,109
Contributed surplus		10,930,279	10,925,856
Accumulated deficit		(388,965,703)	(365,067,022)
Accumulated other comprehensive loss		(13,227,075)	(8,605,621)
		<u>(191,233,321)</u>	(162,717,609)
<b>Total (Deficiency) Equity</b>		<u><b>(191,233,321)</b></u>	<u>(162,717,609)</u>
<b>Total Liabilities and (Deficiency) Equity</b>		<u><b>83,969,744</b></u>	<u>86,423,508</u>

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 six months ended June 30, 2015 and 2014**  
**(In United States Dollars)**  
**(Unaudited)**

	Note	Three-month period ended June 30,		Six-month period ended June 30,	
		2015 \$	2014, \$	2015 \$	2014 \$
<b>Revenues</b>		<b>14,732,609</b>	-	<b>37,124,192</b>	-
<b>Expenses</b>					
Costs and expenses of mining operations					
Operating costs and mine site administrative expenses		<b>8,436,722</b>	-	<b>22,681,925</b>	-
Mine site depreciation and amortization		<b>4,854,674</b>	-	<b>10,554,176</b>	-
Development stage operating costs and mine site administrative expenses		-	26,515,945	-	32,165,922
General and administrative expenses	11(a)	<b>3,375,387</b>	3,252,634	<b>6,771,964</b>	6,298,659
Depreciation and amortization		<b>24,818</b>	28,012	<b>49,465</b>	42,996
Employee compensation expense	11(b)	<b>848,826</b>	804,917	<b>1,846,814</b>	1,258,260
Impairment	4	<b>198,688</b>	27,095,500	<b>428,788</b>	27,095,500
Net (gain) loss on derivative contracts	20 and 21	<b>(12,051,404)</b>	2,719,374	<b>7,019,782</b>	13,889,728
Finance costs					
Interest and facility fees		<b>9,850,988</b>	-	<b>17,132,378</b>	-
Accretion		<b>65,806</b>	-	<b>131,610</b>	-
Other (income) expense	11(c)	<b>2,130,235</b>	3,313,514	<b>(5,594,028)</b>	1,180,707
<b>(Loss) gain for the period before income tax provision</b>		<b>(3,002,131)</b>	(63,729,896)	<b>(23,898,682)</b>	(81,931,772)
<b>Income tax provision (recovery)</b>		-	(43,128)	-	(48,182)
<b>Loss for the period</b>		<b>(3,002,131)</b>	(63,686,768)	<b>(23,898,682)</b>	(81,883,590)
<b>Other comprehensive loss</b>					
Items that may be reclassified subsequently to profit or loss:					
Cumulative translation adjustments		<b>1,691,139</b>	3,013,117	<b>(4,621,455)</b>	355,923
<b>Other comprehensive loss for the period</b>		<b>1,691,139</b>	3,013,117	<b>(4,621,455)</b>	355,923
<b>Total comprehensive loss for the period</b>		<b>(1,310,992)</b>	(60,673,651)	<b>(28,520,137)</b>	(81,527,667)
<b>Basic and diluted loss per share</b>	12	<b>(0.00)</b>	(0.14)	<b>(0.03)</b>	(0.11)

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 six months ended June 30, 2015 and 2014**  
**(In United States Dollars)**  
**(Unaudited)**

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total Accumulated other comprehensive income (loss)	Total
	(Note 10) \$	(Note 10) \$	\$	\$	\$	\$
Balance, January 1, 2014	196,773,069	3,256,109	10,894,939	(150,598,613)	(1,852,750)	58,472,754
Comprehensive loss				(18,196,822)	(2,657,194)	(20,854,016)
Amortization of options			2,397			2,397
Balance, March 31, 2014	196,773,069	3,256,109	10,897,336	(168,795,435)	(4,509,944)	37,621,135
Comprehensive income				(63,686,768)	3,013,117	(60,673,651)
Amortization of options			4,503			4,503
Balance, June 30, 2014	196,773,069	3,256,109	10,901,839	(232,482,203)	(1,496,827)	(23,048,013)
Comprehensive loss				(132,848,819)	(7,108,794)	(139,693,613)
Amortization of options			24,017			24,017
Balance, December 31, 2014	196,773,069	3,256,109	10,925,856	(365,067,022)	(8,605,621)	(162,717,609)
Comprehensive loss				(20,896,550)	(6,312,593)	(27,209,143)
Amortization of options			2,532			2,532
Balance, March 31, 2015	196,773,069	3,256,109	10,928,388	(385,963,572)	(14,918,213)	(189,924,220)
Comprehensive loss				(3,002,131)	1,691,139	(1,310,992)
Amortization of options			1,891			1,891
Balance, June 30, 2015	196,773,069	3,256,109	10,930,279	(388,965,703)	(13,227,075)	(191,233,321)

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

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

	2015	2014
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(23,898,682)	(81,883,590)
Depreciation and amortization	10,603,641	42,996
Accretion	131,610	-
Unrealized foreign exchange gain	(5,607,470)	1,155,424
Share-based payments	4,424	6,360
Impairment	428,788	27,095,500
Deferred income tax	-	(48,182)
(Gain) loss on sale of property, plant and equipment	(17,431)	21,089
Interest income	(3,432)	(17,637)
Deferred share unit costs	6,919	131,101
Unrealized loss on derivative contracts	8,505,418	13,889,728
Changes in non-cash working capital balances		
Trade receivables	(1,237,969)	-
Prepaid expenses and sundry receivables	1,781,721	(1,216,965)
Inventories	(9,864,687)	(3,892,518)
Trade, other payables and payables from Gold Stream transaction <sup>1</sup>	(6,979,288)	(928,269)
Deferred revenues	(785,039)	-
	(26,931,477)	(45,644,963)
<b>Cash flows from investing activities</b>		
Restricted deposits	(84,592)	1,183,521
Interest income	3,432	17,637
Proceeds on sale of property, plant and equipment	22,163	-
Acquisition of property, plant and equipment	(5,347,327)	(16,404,490)
Acquisition of software licensing	(16,205)	(16,360)
Exploration and evaluation assets	(434,200)	(902,666)
Mine development assets	(1,404,980)	(12,077,412)
	(7,261,709)	(28,199,770)
<b>Cash flows from financing activities</b>		
Proceeds from Project Loan Facility (net of costs)	33,737,731	42,281,648
	33,737,731	42,281,648
<b>Effect of exchange rates on cash and cash equivalents</b>	986,015	1,598,800
<b>Decrease in cash and cash equivalents</b>	530,560	(2,414,685)
<b>Cash and cash equivalents – Beginning of period</b>	310,736	3,011,774
<b>Cash and cash equivalents – End of period</b>	841,296	597,090
<b>Supplemental information:</b>		
Interest paid	18,226,186	7,624,778
Income taxes paid	-	-

<sup>1</sup> 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 \$3,742,137 (June 30, 2014 – \$5,357,721).

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

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**Carpathian Gold Inc.**

**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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## 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 address of its registered office is 365 Bay Street, Suite 300, Toronto, Ontario.

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 June 30, 2015, the Corporation incurred a net loss \$23,898,682 and as at June 30, 2015 reported an accumulated deficit of \$389,965,765, and negative working capital of \$217,116,262.

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 August 14, 2015. 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 June 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.

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 \$841,296 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

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**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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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 August 13, 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.

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(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 months ended March 31, 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.



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**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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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*).

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#### 4. Impairment

As at June 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 \$198,688 and \$428,788 for the three and six months ended June 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

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**Carpathian Gold Inc.**

**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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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 six months ended June 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 June 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 June 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.

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## **5. Restricted Deposits**

As at June 30, 2015 the Corporation's restricted deposits totaled \$1,332,609 (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.

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**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

**6. Inventory**

	June 30, 2015	December 31, 2014
Finished products	386,487	1,242,867
Work-in-process	29,976,777	19,557,191
Stockpiles	627,980	773,948
Mine supplies	4,145,034	3,697,585
	<b>35,136,278</b>	<b>25,271,591</b>

**7. Property, Plant and Equipment**

	Land	Plant and Other Constructions	Buildings	Leasehold Improvements	Office Equipment	Computer Equipment	Vehicles	Machinery & Equipment	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
	-	25,136,343	1,190,210	316	61,035	26,163	-	177,614	26,591,681
Additions									
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	<b>388,401</b>	<b>18,526,255</b>	<b>1,244,337</b>	<b>360,549</b>	<b>812,578</b>	<b>547,092</b>	<b>502,066</b>	<b>19,012,382</b>	<b>41,393,660</b>
Additions	-	3,197,712	637,718	-	7,970	24,810	-	251,044	4,119,254
Disposals	-	-	-	-	-	-	(158,568)	-	(158,568)
Effect of changes in foreign exchange rates	-	-	-	(12,483)	(3,827)	(2,058)	-	(1,107)	(19,475)
Balance, June 30, 2015	<b>388,401</b>	<b>21,723,967</b>	<b>1,882,055</b>	<b>348,066</b>	<b>816,721</b>	<b>569,844</b>	<b>343,499</b>	<b>19,262,319</b>	<b>45,334,871</b>

	Land	Plant and Other Constructions	Buildings	Leasehold Improvements	Office Equipment	Computer Equipment	Vehicles	Machinery & Equipment	Total
Accumulated depreciation	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	-	<b>3,956,478</b>	<b>102,497</b>	<b>188,801</b>	<b>246,944</b>	<b>327,282</b>	<b>345,399</b>	<b>8,372,322</b>	<b>13,539,723</b>
Depreciation	-	7,825,257	182,318	29,724	42,599	37,706	42,423	1,823,755	9,983,782
Disposals	-	-	-	-	-	-	(153,835)	-	(153,835)
Effect of changes in foreign exchange rates	-	-	-	(405)	(18,699)	(1,576)	-	(1,100)	(21,780)
Balance, June 30, 2015	-	<b>11,781,735</b>	<b>284,815</b>	<b>218,120</b>	<b>270,844</b>	<b>363,412</b>	<b>233,987</b>	<b>10,194,977</b>	<b>23,347,890</b>

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(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, June 30, 2015	<b>388,401</b>	<b>9,942,232</b>	<b>1,597,240</b>	<b>129,946</b>	<b>545,877</b>	<b>206,432</b>	<b>109,511</b>	<b>9,067,342</b>	<b>21,986,981</b>

As at June 30, 2015 the carrying value of property, plant and equipment is comprised of \$126,409 in corporate and other (December 31, 2014 - \$144,641) and \$21,860,572 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	<b>1,108,588</b>	<b>446,146</b>	<b>662,442</b>
Additions	21,503	73,426	(51,923)
Effect of changes in foreign exchange rates	(20,541)	(15,243)	(5,298)
Balance, June 30, 2015	<b>1,109,550</b>	<b>504,329</b>	<b>605,221</b>

As at June 30, 2015 the carrying value of software licensing fees is comprised of \$56,358 in corporate and other (December 31, 2014 - \$90,585), \$548,863 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	428,788	-	428,788
Impairment (Note 4)	(428,788)	-	(428,788)
Balance at June 30, 2015	-	-	-

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

<b>Mine development assets</b>	<b>Brazil</b>
	<b>\$</b>
Balance at December 31, 2013	<b>34,433,849</b>
Additions <sup>1</sup>	<b>13,706,977</b>
Amortization	<b>(1,409,705)</b>
Impairment	<b>(34,740,628)</b>
	<b>11,254,809</b>
Balance at December 31, 2014	<b>11,254,809</b>
Additions	<b>1,404,831</b>
Amortization	<b>(2,782,377)</b>
	<b>10,612,916</b>
Balance at June 30, 2015	<b>10,612,916</b>

<sup>1</sup> 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

	<b>Number of shares</b>	<b>\$</b>
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 June 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

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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.

(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 June 30, 2015	10,461,000	0.45

As at June 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	122 days	200,000
Directors, officers and employees	5,241,000	1,810,603	0.58	1 year 48 days	5,241,000
Directors, officers and employees	3,520,000	327,527	0.40	2 years 45 days	3,520,000
Employee	300,000	41,849	0.40	2 years 102 days	300,000
Employees	1,200,000	23,241	0.03	3 years 355 days	400,000
Balance at June 30, 2015	10,461,000	2,274,799		1 years 295 days	9,661,000

As at June 30, 2015 the number of stock options available for exercise was 9,661,000 at a weighted average exercise price of Cdn\$0.49 and the aggregate remaining unamortized value of unvested stock options granted was \$7,498.

Using the fair value method, total share-based compensation for stock options issued and outstanding for the three and six months ended June 30, 2015 were \$1,874 (June 30, 2014 - \$4,502) and \$4,406 (June 30, 2014 - \$6,900), respectively.

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(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	<b>20,000,000</b>	<b>0.40</b>
Balance at June 30, 2015 and December 31, 2014	<b>20,000,000</b>	<b>0.40</b>

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 June 30		Six-month period ended June 30	
	2015	2014	2015	2014
	\$	\$	\$	\$
Professional fees	1,729,262	1,939,080	3,180,300	4,463,285
Investor relations and advertising	46,989	35,441	71,810	58,512
Business and development	102,349	73,971	199,842	125,397
Office and general	1,496,787	1,204,142	3,320,012	1,651,465
	<b>3,375,387</b>	3,252,634	<b>6,771,964</b>	6,298,659

(b) *Employee compensation expense*

	Three-month period ended June 30		Six-month period ended June 30	
	2015	2014	2014	2014
	\$	\$	\$	\$
Salaries and benefits	836,952	802,134	1,835,471	1,383,001
Share based payments	1,891	3,449	4,424	6,360
Deferred share unit costs	9,983	(666)	6,619	(131,101)
	<b>848,826</b>	804,917	<b>1,846,814</b>	1,258,260

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

(c) *Other (income) expense*

	Three-month period ended June 30		Six-month period ended June 30	
	2015	2014	2015	2014
	\$	\$	\$	\$
Foreign exchange loss (gain)	2,124,475	3,284,269	(5,607,471)	1,155,424
Interest income	(2,411)	(730)	(3,432)	(17,637)
Other expense	8,171	29,972	16,875	42,305
Interest expense	-	3	-	615
	<b>2,130,235</b>	<b>3,313,514</b>	<b>(5,594,028)</b>	<b>1,180,707</b>

## 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 six months ended June 30, 2015 were 694,169,911 (2014 - 694,169,911) and 694,169,911 (2014 - 694,169,911). 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:

	June 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	<b>948,669</b>	<b>948,669</b>
Liability, end of period	<b>\$15,958</b>	<b>\$8,975</b>



**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

	Three-month period ended June 30		Six-month period ended June 30	
	2015	2014	2014	2014
Compensation expense (recovery) for the period	9,983	(666)	6,919	(131,101)

**14. Trade and other payables**

	June 30, 2015	December 31, 2014
Trade payables	5,333,289	10,627,988
Accrued liabilities	3,207,455	5,613,512
	<b>8,540,745</b>	<b>16,241,500</b>

**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

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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.

As at June 30, 2015, the principal balance outstanding on the Project Facility was \$205,212,870. Interest accrued during the three and six months ended June 30, 2015 were \$8,340,652 (June 30, 2014 - \$5,505,276) and \$15,622,042 (June 30, 2014 - \$9,547,517), respectively. Facility fees paid for the three and six months ended June 30, 2015 were \$709,384 (June 30, 2014 - \$1,213,939) and \$1,510,336 (June 30, 2014 - \$2,529,895), respectively. Interest paid for the three and six months ended June 30, 2015 was \$8,037,578 (June 30, 2014 - \$2,074,059) and \$18,226,186 (June 30, 2014 - \$7,624,779).

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 August 14, 2015. Pursuant to the Forbearance Agreement, funds drawn under Tranche 3 of the Project Facility must be repaid by August 14, 2015.

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 \$143.25 million, at its discretion, of additional financing under a "Tranche 3" of the Project Facility. Tranche 3 of the Project Facility is repayable on August 14, 2015 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 June 30, 2015, the Corporation had drawn an aggregate of \$222,129,561 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
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

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

Draw down date	Tranche 1	Tranche 2	Tranche 3	Total
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
	65,000,000	25,000,000	132,129,561	222,129,561

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**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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**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 June 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.

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

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

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
<b>Consolidated Statement of Financial Position</b>				
<b>As at June 30, 2015</b>				
Total Assets	2,693,234	81,211,164	65,346	83,969,744
Total Liabilities	749,545	274,451,347	2,173	275,203,065
<b>As at December 31, 2014</b>				
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
<b>Consolidated Statements of (Income) Loss and Comprehensive (Income) Loss</b>				
<b>For the three months ended June 30, 2015</b>				
<b>Revenues</b>	-	(14,732,609)	-	(14,732,609)
<b>Expenses</b>				
Cost and expenses of mining operations				
Operating costs and mine site administrative expenses	-	9,436,722	-	9,436,722
Mine site depreciation and amortization	-	4,854,674	-	4,854,674
General and administrative expenses (Including depreciation and amortization)	1,614,417	1,785,788	-	3,400,205
Employee compensation costs	238,703	610,123	-	848,826
Impairment	-	-	198,688	198,688
Net (gain) loss on derivative contracts	-	(13,051,404)	-	(13,051,404)
Foreign exchange loss (gain)	1,711,034	407,299	6,142	2,124,475
Interest income, net of expenses	(371)	(2,040)	-	(2,411)
Finance costs				
Interest and facility fees	-	9,850,988	-	9,850,988
Accretion	-	65,806	-	65,806
Other expense	-	8,171	-	8,171
Loss for the period	3,563,783	(766,482)	204,830	3,002,131
Other Comprehensive loss for the period	(1,691,139)	-	-	(1,691,139)
Total comprehensive loss for the period	1,872,644	(766,482)	204,830	1,310,992

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

Operating Segment	Corporate and Other	Brazil	Romania	Total
<b>Consolidated Statements of (Income) Loss and Comprehensive (Income) Loss</b>				
<b>For the three months ended June 30, 2014</b>				
Operating costs and mine site administrative expenses	-	26,515,945	-	26,515,945
General and administrative expenses (Including depreciation and amortization)	1,715,231	1,565,415	-	3,280,646
Employee compensation costs	234,331	570,586	-	804,917
Impairment	-	27,095,500	-	27,095,500
Unrealized loss on derivative contracts	-	2,719,374	-	2,719,374
Foreign exchange loss (gain)	3,088,211	203,098	(7,040)	3,284,269
Interest income, net of expenses	(324)	(403)	-	(727)
Other expense	-	29,972	-	29,972
Income tax recovery	-	-	(43,128)	(43,128)
Loss (income) for the period	5,037,449	58,699,487	(50,168)	63,686,768
Other Comprehensive income for the period	(3,013,117)	-	-	(3,013,117)
Total comprehensive loss for the period	2,024,332	58,699,487	(50,168)	60,673,651
<b>For the six months ended June 30, 2015</b>				
<b>Revenues</b>	-	(37,124,192)	-	(37,124,192)
<b>Expenses</b>				
Cost and expenses of mining operations				
Operating costs and mine site administrative expenses	-	22,681,925	-	22,681,925
Mine site depreciation and amortization	-	10,554,176	-	10,554,176
General and administrative expenses (Including depreciation and amortization)	2,946,581	3,874,848	-	6,821,429
Employee compensation costs	483,597	1,363,217	-	1,846,814
Impairment	-	-	428,788	428,788
Net (gain) loss on derivative contracts	-	7,019,782	-	7,019,782
Foreign exchange loss (gain)	(4,596,793)	(1,026,227)	15,549	(5,607,471)
Interest income, net of expenses	(667)	(2,765)	-	(3,432)
Finance costs				
Interest and facility fees	-	17,132,378	-	17,132,378
Accretion	-	131,610	-	131,610
Other expense	-	16,875	-	16,875
Loss for the period	(1,167,282)	24,621,627	444,337	23,898,682
Other Comprehensive loss for the period	4,621,455	-	-	4,621,455
Total comprehensive loss for the period	3,454,173	24,621,627	444,337	28,520,137

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

Operating Segment	Corporate and Other	Brazil	Romania	Total
<b>Consolidated Statements of (Income) Loss and Comprehensive (Income) Loss</b>				
<b>For the three months ended June 30, 2014</b>				
Operating costs and mine site administrative expenses	-	32,165,922	-	32,165,922
General and administrative expenses (Including depreciation and amortization)	4,277,716	2,063,939	-	6,341,655
Impairment	-	27,095,500	-	27,095,500
Employee compensation costs	397,922	860,338	-	1,258,260
Unrealized loss on derivative contracts	-	13,889,728	-	13,889,728
Foreign exchange loss (gain)	408,968	760,140	(13,684)	1,155,424
Interest income, net of expenses	(323)	(16,699)	-	(17,022)
Other expense	-	42,305	-	42,305
Income tax recovery	-	-	(48,182)	(48,182)
Loss (income) for the period	5,084,283	49,765,673	(61,866)	81,883,590
Other Comprehensive income for the period	(355,923)	-	-	(355,923)
Total comprehensive loss (income) for the period	4,728,360	49,765,673	(61,866)	81,527,667

## 18. Related Parties

As at June 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:

	June 30, 2015	December 31, 2014
Balance at beginning of period	5,787,969	5,125,296
Provision	-	320,195
Accretion	131,610	65,804
Change in estimate	-	276,674
	<b>5,919,579</b>	<b>5,787,969</b>

As at June 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 7.5 years. As at June 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

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

decrease of rehabilitation provision by \$485,203 and a 1% decrease in the discount rate would result in an increase in the rehabilitation provision by \$391,281, 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 171,000 ounces of gold at a price of \$1,600 per ounce, 11,400 ounces of gold at a price of \$1,211, 11,400 ounces of gold at a price of \$1,209, 11,400 at a price of \$1,202 and 11,400 ounces of gold at a price of \$1,177.

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 Gold Contracts were arranged to mitigate the risk of fluctuations in the price of gold and has a notional amount of \$328,321,140. The Corporation is subject to an enforceable master netting arrangement in the form of an ISDA Master Agreement with derivative counterparty. Under the terms of this agreement, offsetting of the derivative contracts is permitted (Note 22).

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.

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".

### *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 at \$268,000 liability on June 30, 2015 and is included in the long-term derivative liability.

### **Summary of Derivatives at June 30, 2015**

	Notional Amount by Term to Maturity (\$)				Fair Value (\$)
	Within 1 year	2 to 3 years	4 to 5 years	Total	
<b>Currency contracts:</b>					
OPEX contract	31,992,151	85,312,403	42,656,201	159,960,755	(55,451,908)
<b>Commodity contracts:</b>					
Gold contract	109,441,140	145,920,000	72,960,000	328,321,140	53,234,352
Gold Options	-	32,000,000	-	32,000,000	(268,000)



**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

**Summary of Derivatives at December 31, 2014**

	Notional Amount by Term to Maturity (\$)				Total	Fair Value (\$)
	Within 1 year	2 to 3 years	4 to 5 years			
<b>Currency contracts:</b>						
OPEX contract	31,992,151	85,312,402	63,984,302	181,288,855	(66,104,760)	
<b>Commodity contracts:</b>						
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 June 30, 2015	Fair Value as at December 31, 2014	Balance Sheet Classification	Fair Value as at June 30, 2015	Fair Value as at December 31, 2014
<b>Currency contracts:</b>						
OPEX contract		-	-	Current liabilities	<b>11,844,470</b>	9,212,007
OPEX contract		-	-	Non-current liabilities	<b>43,607,438</b>	52,892,753
<b>Commodity contracts:</b>						
Gold contract	Current assets	<b>14,685,170</b>	14,433,715	Current liabilities	-	-
Gold contract	Non-current assets	<b>38,549,182</b>	58,150,907	Non-current liabilities	-	-
Gold Options		-	-	Non-current liabilities	<b>268,000</b>	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 six months ended June 30, 2015 amounted to a gain of \$11,565,768 (June 30, 2014 – loss of \$2,719,374) and a loss of \$8,505,418 (June 30, 2014 – loss of \$13,889,728), respectively. Realized gains arising from settlement of currency and commodity contract derivatives for the three and six months ended June 30, 2015 amounted to \$1,485,636 (June 30, 2014 – \$Nil) and \$1,485,636 (June 30, 2014 – \$Nil), respectively. These realized and unrealized gains and losses are recognized in the consolidated statement of loss as net gains or losses on derivative contracts.

**Net realized and unrealized (gains) losses on Derivatives**

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2015	2014	2015	2014
<b>Currency contracts:</b>				
OPEX contract	<b>(20,129,908)</b>	(17,845,829)	<b>(2,671,358)</b>	(23,975,872)
<b>Commodity contracts:</b>				
Gold contract	<b>7,270,504</b>	21,339,203	<b>9,883,140</b>	38,493,600
Gold Options	<b>(192,000)</b>	(774,000)	<b>(192,000)</b>	(628,000)

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

**21. Offsetting financial assets and financial liabilities**

The Corporation is subject to enforceable ISDA for Multiple Payment Netting with the derivative counterparty. Under the terms of this agreement, offsetting of the derivative contracts is permitted in respect of two or more transactions and a net amount and payment obligation is determined in respect of all amounts payable on the same date in the same currency in respect of those transactions, regardless of whether such amounts are payable in respect of the same transaction.

The Corporation has Gold and OPEX contracts, majority of which have the same maturity dates and therefore subject to this netting arrangement. Gold Options A and B are not subject to this netting arrangement as they do not have the same maturity date.

The following table presents the financial instruments that are offset as at June 30, 2015, financial instruments that cannot be offset and total amount recognized on the Corporation's statement of financial position:

Financial Assets	Amounts subject to offsetting			Amounts not subject to offsetting	Total amount recognized on the statement of financial position
	Gross assets	Gross liabilities offset		Financial assets	
<b>June 31, 2015</b>					
Derivative assets (current) <sup>1</sup>	14,685,170	12,112,470	2,572,700	-	2,572,700
Derivative assets (Non- current) <sup>2</sup>	35,602,702	35,602,702	<sup>3</sup> -	2,946,480	2,946,480
<b>December 31, 2014</b>					
Derivative assets (Current) <sup>1</sup>	14,130,058	9,212,007	4,918,051	303,657	5,221,708
Derivative assets (Non- current) <sup>2</sup>	54,206,200	52,593,516	<sup>3</sup> 1,612,684	3,944,707	5,557,391
<b>Financial Liabilities</b>					
	Gross assets	Gross liabilities offset		Financial liabilities	
<b>June 31, 2015</b>					
Derivative liabilities (Current) <sup>1</sup>	-	-	-	-	-
Derivative liabilities (Non- current) <sup>3</sup>	-	-	4,457,357	3,547,379	8,004,736
<b>December 31, 2014</b>					
Derivative liabilities (Current)	-	-	-	-	-
Derivative liabilities (Non- current) <sup>3</sup>	-	-	-	4,759,237	4,759,237

<sup>1</sup> Includes current Gold contracts of \$14,685,170 (December 31, 2014 – \$14,433,715) and current OPEX contracts of \$11,844,470 (December 31, 2014 \$9,212,007). (Note 20).

<sup>2</sup> Includes non- current Gold contracts of \$38,549,182 (December 31, 2014 - \$58,150,907). (Note 20)

<sup>3</sup> Includes non-current OPEX contracts of \$43,607,438 (December 31, 2014 - \$56,892,753) and non-current Gold Options of \$268,000 (December 31, 2014 – \$460,000). (Note 20).

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
(In United States Dollars unless otherwise indicated)

**22. 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 June 30, 2015 and December 31, 2014.

	Level	June 30, 2015		December 31, 2014	
		Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<b>Financial Assets</b>					
Loans and receivables					
Cash and cash equivalents <sup>1</sup>	1	841,296	841,296	310,736	310,736
Restricted deposits <sup>1</sup>	1	1,332,609	1,332,609	1,248,017	1,248,017
Trade receivables <sup>1</sup>	2	3,151,396	3,151,396	1,913,427	1,913,427
Sundry Receivables <sup>1</sup>	2	155,845	155,845	52,207	52,207
<b>Financial Liabilities</b>					
Amortized cost					
Trade and other payables <sup>1</sup>	2	8,525,387	8,525,387	16,232,525	16,232,525
Project Loan Facility <sup>3</sup>	2	225,188,406	225,188,406	194,017,772	194,017,772
Production shortfall payable <sup>1</sup>	2	27,549,600	27,549,600	27,549,600	27,549,600
Deferred revenues <sup>1</sup>	2	-	-	785,039	785,039
<b>Fair value through profit and loss</b>					
Derivative contracts	2	2,485,556	2,485,556	6,019,862	6,019,862
Deferred Share Units <sup>2</sup>	1	15,358	15,358	8,975	8,975

<sup>1</sup> Fair value approximates the carrying amount due to the short-term nature.

<sup>2</sup> Based on market price of the Corporation's common shares at period end.

<sup>3</sup> 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.

*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

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**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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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.

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### 23. Commitments

#### Lease Commitment

The Corporation has entered into a Sub-Lease Agreement from December 1, 2010 and expiring on March 31, 2018 for office space. The minimum annual rent is Cdn\$35,640 for the entire term of the sub-let plus applicable expenses. In addition, the Corporation has a lease agreement from June 1, 2012 to March 31, 2018 for additional office space. The minimum annual rent is Cdn\$39,618, increasing to Cdn\$44,020 on October 1, 2014 plus applicable expenses. As at June 30, 2015, the Corporation has finalized and signed contracts for the construction, development and operating activities in Brazil as follows:

	<b>Within 1 year</b>	<b>2 to 3 years</b>	<b>Total</b>
Construction and supply contracts	3,343,564	-	3,343,564
Office lease	95,532	47,766	143,298

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.

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### 24. 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.

**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

The Corporation's capital items are the following:

	June 30, 2015	December 31, 2014
Cash and cash equivalents	841,296	3,10,736
Restricted deposits	1,332,609	1,248,004
Project loan facility	225,188,406	188,391,830
Share capital	196,773,069	196,773,069
Warrants	3,256,109	3,256,109
	<b>427,391,489</b>	<b>389,979,761</b>

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.

## 25. Financial Risk Factors

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 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 June 30, 2015, the Corporation faces liquidity risk to the extent that it will be unable to settle current liabilities of \$261,278,750 with cash and cash equivalents and restricted deposits totalling \$2,173,905. 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.

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**Carpathian Gold Inc.**

**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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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 August, 14, 2015 (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 June 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 \$5,031,423.

(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 Reals. As at June 30, 2015, the Corporation held cash and cash equivalents of \$317,256 in Brazilian Reals, \$183,825 in Canadian dollars, \$310,654 in U.S. dollars and \$29,561 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.

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**Carpathian Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2015**  
**(In United States Dollars unless otherwise indicated)**

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As of June 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 \$469,527.

(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).

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**28. Subsequent Event**

- (a) Subsequent to June 30, 2015, Macquarie Bank has agreed to increase additional financing under Tranche 3 of the Facility to \$143.25 million, resulting in a total Project Facility of \$233.25 million and to extend the repayment date for any funds drawn under Tranche 3 of the Facility to August 14, 2015.
- (b) As at August 13, 2015, the Corporation drew \$142.34 million against the Project Facility's Tranche 3, resulting in a total Project Facility of \$232.34 million, as amended by the Forbearance Agreement.
- (c) The common shares were de-listed from the Toronto Stock Exchange 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.