CYPRIUM MINING CORPORATION

Condensed Interim Consolidated Financial Statements

Three-month periods ended
March 31, 2016 and 2015

The accompanying unaudited condensed interim consolidated financial statements of Cyprium Mining Corporation (the "Company") for the three-month periods ended on March 31, 2016 and 2015 have been prepared by management and are its responsibility. These unaudited condensed interim consolidated financial statements, together with the accompanying notes, have been reviewed by the audit committee and approved by the Company's Board of Directors. These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

CYPRIUM MINING CORPORATION
Condensed Interim Consolidated Financial Statements
Three-month periods ended March 31, 2016 and 2015

Financial Statements

Condensed Interim Consolidated Statements of Financial Position 3

Condensed Interim Consolidated Statements of Comprehensive Loss 4

Condensed Interim Consolidated Statements of Changes in Equity 5

Condensed Interim Consolidated Statements of Cash Flows 7

Notes to Condensed Interim Consolidated Financial Statements

1 REPORTING ENTITY AND NATURE OF OPERATIONS 8
2 STATEMENT OF COMPLIANCE 8
3 GOING CONCERN ASSUMPTION 8
4 BASIS OF PREPARATION 8
5 MINING ASSETS UNDER CONSTRUCTION 8
6 TRADE PAYABLES AND ACCRUED LIABILITIES 8
7 PROMISSORY NOTES 8
8 DEBENTURES 9
9 SHARE CAPITAL 10
10 COST OF SALES 11
11 EXPLORATION AND EVALUATION EXPENDITURES 12
12 ADMINISTRATIVE EXPENSES BY NATURE 12
13 SHARE-BASED COMPENSATION 13
14 FINANCE EXPENSE 14
15 RELATED PARTY TRANSACTIONS 14
16 COMMITMENTS 14
17 CONTINGENCY 14
18 SEGMENTED INFORMATION 15
19 SUBSEQUENT EVENTS 15

CYPRIUM MINING CORPORATION
Condensed Interim Consolidated Statements of Financial Position
As of
(Unaudited - in Canadian dollars)

	Notes	March 31 2016	December 31 2015
		$	$
Assets			
Current assets:			
Cash		75,213	51,563
Other receivables		97,302	102,838
Sales tax receivable		185,135	181,301
Prepaid expenses and deposit		27,640	29,965
Total current assets		385,290	365,667
Non-current assets:			
Equipments		321,689	349,713
Investments in Global Resources Investment Ltd.		62,542	73,860
Mining assets under construction	5	2,017,236	1,909,728
Total non-current assets		2,401,467	2,333,301
Total assets		2,786,757	2,698,968
Liabilities and Equity			
Current liabilities:			
Trade payables and accrued liabilities	6	3,663,609	3,238,826
Loans payable, without interest, due on demand		52,274	54,992
Promissory notes	7	841,084	839,090
Debentures		1,852,474	1,247,544
Options on debenture units	8	25,934	27,738
Total current liabilities		6,435,375	5,408,190
Non-current liabilities:			
Debentures	8	886,760	1,525,138
Promissory notes	7	-	69,560
Subcriptions received for the private placement closed in April 2015		206,850	-
Total non-current liabilities		1,093,610	1,594,698
Total liabilities		7,528,985	7,002,888
Equity:			
Share capital	9	6,939,286	6,839,286
Share to be issued		131,000	231,000
Contributed surplus		1,773,355	1,760,317
Deficit		(11,723,321)	(11,216,080)
Accumulated other comprehensive loss		(984,458)	(973,140)
Total equity attributable to owners of the parent company		(3,864,138)	(3,358,617)
Non-controlling interests		(878,090)	(945,303)
Total equity		(4,742,228)	(4,303,920)
Total liabilities and equity		2,786,757	2,698,968

Going concern (Note 3)
Subsequent events (Note 19)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CYPRIUM MINING CORPORATION
Condensed Interim Consolidated Statements of Comprehensive Loss
Three-month periods ended March 31, 2016 and 2015
(Unaudited - in Canadian dollars)

	Notes	March 31 2016	March 31 2015
		$	**$**
Sales		-	-
Cost of sales	10	147,358	30,856
Gross operating loss		(147,358)	(30,856)
Exploration and evaluation expenditures	11	30,959	96,972
General and administrative expenses	12	218,806	308,080
Operating loss		397,123	435,908
Other expenses			
Finance expense	14	42,905	145,326
Total other expenses		42,905	145,326
Net loss		440,028	581,234
Other comprehensive loss			
Items that will be reclassified subsequently to net loss			
Available-for-sale-financial assets			
Net change in fair value		11,318	80,547
Total comprehensive loss		11,318	80,547
Net loss and total comprehensive loss		451,346	661,781
Net loss attributable to:			
Shareholders of Cyprium Mining Corporation		507,241	532,736
Non-controlling interests		(67,213)	48,498
		440,028	581,234
Comprehensive loss attributable to:			
Shareholders of Cyprium Mining Corporation		518,559	613,283
Non-controlling interests		(67,213)	48,498
		451,346	661,781
Weighted average number of outstanding shares - basic and diluted		46,016,708	39,318,566
Basic and diluted loss per share		0.011	0.014

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CYPRIUM MINING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

Three-month periods ended March 31, 2016 and 2015

(Unaudited - in Canadian dollars)

	Notes	Share Capital		Share capital to be issued	Accumulated Other Comprehensive Loss	Contributed surplus	Deficit	Total attributable to owners of the parent company	Non-controlling interest	Total equity
		Number	$	$	$	$	$	$	$	$
Balance at January 1, 2015		38,743,597	6,061,450	-	(802,408)	1,299,728	(7,100,792)	(542,022)	(558,849)	(1,100,871)
Shares issued:	8									
In consideration with the debentures offering		684,800	118,858	-	-	25,955	-	144,813	-	144,813
Issuance costs		-	(21,007)	-	-	-	-	(21,007)	-	(21,007)
Share-based compensation	13	-	-	-	-	29,093	-	29,093	-	29,093
Net loss and comprehensive loss		-	-	-	-	-	(532,736)	(532,736)	(48,498)	(581,234)
		684,800	97,851	-	-	55,048	(532,736)	(379,837)	(48,498)	(428,335)
Other comprehensive loss										
Available-for-sale-financial assets										
Net change in fair value		-	-	-	(80,547)	-	-	(80,547)	-	(80,547)
Total comprehensive loss		-	-	-	(80,547)	-	-	(80,547)	-	(80,547)
Balance as at March 31, 2015		39,428,397	6,159,301	-	(882,955)	1,354,776	(7,633,528)	(1,002,406)	(607,347)	(1,609,753)
Balance at January 1, 2016		45,873,851	6,839,286	231,000	(973,140)	1,760,317	(11,216,080)	(3,358,617)	(945,303)	(4,303,920)
Shares issued	9									
In consideration of an acquisition of mining rights		1,000,000	100,000	(100,000)	-	-	-	-	-	-
Issuance costs		-	-	-	-	-	-	-	-	-
Share-based payments	13	-	-	-	-	13,038	-	13,038	-	13,038
Net loss and comprehensive loss		-	-	-	-	-	(507,241)	(507,241)	67,213	(440,028)
		1,000,000	100,000	(100,000)	-	13,038	(507,241)	(494,203)	67,213	(426,990)
Other comprehensive loss										
Available-for-sale-financial assets										
Net change in fair value		-	-	-	(11,318)	-	-	(11,318)	-	(11,318)
Total comprehensive loss		-	-	-	(11,318)	-	-	(11,318)	-	(11,318)
Balance as at March 31, 2016		46,873,851	6,939,286	131,000	(984,458)	1,773,355	(11,723,321)	(3,864,138)	(878,090)	(4,742,228)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

CYPRIUM MINING CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
Three-month periods ended March 31, 2016 and 2015
(Unaudited - in Canadian dollars)

	Notes	March 31 2016	March 31 2015
		$	$
Operating activities:			
Net loss		(440,028)	(581,234)
Adjustments for:			
Share-based payments	13	13,038	29,093
Depreciation		28,024	7,111
Accreted interest on debentures		182,759	55,598
Unrealized exchange loss (gain)		(223,935)	52,529
Operating activities before changes in working capital items		(440,142)	(436,903)
Change in other receivables		5,536	(23,830)
Change in sales tax receivable		(3,834)	38,965
Change in prepaid expenses and deposit		2,325	(45,281)
Change in trade accounts payable and accrued liabilities		360,423	(103,957)
		364,450	(134,103)
Cash flows from operating activities		(75,692)	(571,006)
Investing activities:			
Development costs	5	(107,508)	-
Cash flows from investing activities		(107,508)	-
Financing activities:			
Subcriptions received in advance		206,850	70,000
Proceeds from issuance of debentures		-	676,304
Repayments of loans		-	(53,975)
Share issuance costs		-	(96,223)
Cash flows from financing activities		206,850	596,106
Net change in cash		23,650	25,100
Cash, beginning of period		51,563	141,770
Cash, end of period		75,213	166,870
Interest paid included in operating activities		84,383	59,526

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

NOTE 1. REPORTING ENTITY AND NATURE OF OPERATIONS

Cyprium Mining Corporation and its subsidiaries (hereinafter "Cyprium" or the "Company"), an exploration and ore processing Company active in Mexico, is incorporated under the Canada Business Corporations Act. The address of the Company's registered office is 800 Rene-Levesque West, suite 425, Montreal (Quebec) Canada, H3B 1X9. Cyprium Mining Corporation is the ultimate parent company of the group.

Cyprium produces zinc and lead from ore purchased from local Mexican miners which is processed at a processing plant, in which the Company has an exclusivity right, and derives all of its sales from Mexico. The Company does not yet have any mining producing properties. The Company also hold interests in mineral properties in Mexico and Canada that are not in commercial production and are currently at the exploration stage.

Cyprium's shares are listed on the TSX Venture Exchange under the symbol CUG.

These unaudited condensed interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), have been approved and authorized for issue by the Board of Directors on May 30, 2016 in preparation of their filing.

NOTE 2. STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with IAS 34 Interim Financial Reporting. The unaudited interim condensed consolidated financial statements 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 for the year ended December 31, 2015, as they follow the same accounting policies and methods of application, unless otherwise indicated.

NOTE 3. GOING CONCERN ASSUMPTION

These unaudited interim condensed consolidated financial statements have been prepared based on the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated significant income nor cash flows from its operations. As at March 31, 2016, the Company has a deficit of $11,723,321 ($11,216,080 as at December 31, 2015) and a working capital deficiency of $6,050,085 (a working capital deficiency of $5,042,523 as at December 31, 2015). In addition, as mentioned in Note 17 and 19, the Company was not able to make its January 31, 2016 interest payment of $45,000 and the Company is in default pertaining to the US$303,000 and US$500,000 debentures, which expired in February 2016. The Company will require additional funding to be able to advance and retain mining rights interest and to meet ongoing requirements for general operations. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

In April 2016, the Company completed a private placement for total gross proceeds of $532,350 (Note 19).

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

NOTE 4. BASIS OF PREPARATION

Basis of consolidation:
These unaudited condensed interim consolidated financial statements include the accounts of the Company, which include:

Subsidiaries
Subsidiaries are all entities over which the Company is exposed or have rigths to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases. All subsidiaries have a reporting date of December 31.

All transactions and balances between Group companies are eliminated upon consolidation, including unrealized profits and losses on transactions between Group companies. The amounts presented in the financial statements of the subsidiaries have been adjusted as needed so that they comply with the accounting policies adopted by the Company.

(Unaudited - in Canadian dollars)

NOTE 4. BASIS OF PREPARATION (Continued)

Accounting policies of subsidiaires have been changed, where necessary, to ensure consistency with the policies adopted by the Company.

Net earnings (loss) and other comprehensive income (loss) of a subsidiary acquired or disposed of during the reporting period are recognized from the effective date of the acquisition, or up to the effective date of disposal, as applicable.

The following are the subsidiaries of the Company:

Subsidiary	Jurisdiction of Incorporation	% of Ownership
Cypriummining de Mexico SA de CV	Mexico	100%
Exploracion Rio Placer SA de CV	Mexico	100%
Cypriumex SA de CV	Mexico	100%
Coyame Copper S. RL de CV	Mexico	51%
JV Cypval Mining S.A.P.I de CV	Mexico	53%
Pirate Mining Inc.	Canada	46%

Non-controlling interests
Non-controlling interests represent equity interests owned by outside parties. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

NOTE 5. MINING ASSETS UNDER CONSTRUCTION

	March 31 2016	**December 31 2015**
	$	**$**
Balance beginning of year	1,909,728	-
Acquisition of the Potosi Silver Mine	-	1,909,728
Development costs	78,923	-
	1,988,651	1,909,728

JV Cypval Mining S.A.P.I de CV signed an exploitation agreement for the exclusive right to explore and exploit the mining lots covered by the Potosi and La Chinche concessions in consideration of a royalty of 0.5% on the Net Smelter Returns ("NSR").

The following table presents the development costs by nature:

	March 31 2016	**March 31 2015**
	$	**$**
Geology	29,154	-
Security	28,585	-
Rehabilitation of equipment	49,769	-
	107,508	-

NOTE 6. TRADE PAYABLES AND ACCRUED LIABILITIES

	March 31 2016	**December 31 2015**
	$	**$**
Trade accounts		
Directors	80,031	108,008
Officers	247,381	171,167
Other	1,955,225	1,654,516
Interests payable	344,817	250,644
Other payables attributable to the acquisition of the Potosi Silver Mine	1,036,155	1,054,491
	3,663,609	3,238,826

(Unaudited - in Canadian dollars)

NOTE 7. PROMISSORY NOTES

	March 31 2016	December 31 2015
	$	$
Balance, beginning of year	908,650	-
Additions	-	924,071
Repayments		(66,055)
Accretion of interests	17,422	12,269
Exchange loss (gain)	(84,988)	38,365
	841,084	908,650
Current portion	(841,084)	(839,090)
	-	69,560

During the year ended December 31, 2015, the Company signed promissory notes for a total amount of US$420,000 ($561,416) of which US$370,000 ($513,153) was outstanding as at December 31, 2015. These promissory notes expires until November 2016 and bears interest at a weighted average interest rate of 81%.

In addition, during the year ended December 31, 2015, the Company signed a promissory note of a face value of US$346,848 ($481,040) in connection with the Potosi silver mine acquisition, which is repayable in eight (8) installments of US$43,356 ($60,130) starting June 2016 and bears interest at the greater of 1% per annum and the annual libor rate 1,21% (1.17% at December 31, 2015) per annum if not repaid on time, effective interest rate of 20%. The fair value of the promissory note of US$276,056 ($362,655) was determined using an effective interest rate of 20%.

NOTE 8. DEBENTURES

Proceeds from Debenture units are allocated between the debt and common shares components by measuring fair value of the debt component first and assigning the residual value to the common shares component. The initial fair value of the debt component has been determined by discounting the future repayments at a discount rate which represents the estimated borrowing rate available to the Company for similar debentures having no conversion right. The residual of the gross proceeds over the estimated initial fair value of the debt component was attributed to the common shares component. Issuance costs are applied in reduction of the debt and common shares components based on their respective fair values.

Subsequently, the debt component is measured at amortized cost using the effective interest method, over the term of the debenture, the debt component will be accreted to the face value of the debenture by the recording of additional interest expense. The weighted effective interest rate on the debt components is 34.76 %. Subsequent measurement of the Debenture Finder's Option is at fair value.

	March 31 2016	December 31 2015
	$	$
Debenture with a face value of $750,000, 12%, maturity on February 28, 2017 (a)	637,943	612,430
Debenture with a face value of $250,000, 12%, maturity on June 6, 2016 (b)	173,281	168,365
Debenture with a face value of US$303,000, 12%, maturity on February 2, 2016 (c) (Note 17)	392,900	408,682
Debenture with a face value of US$500,000, 14%, maturity on February 12, 2016 (d) (Note 17)	648,350	670,497
Debenture with a face value of US$1,000,000, 12.5%, maturity on April 17, 2018 (e)	886,760	912,708
	2,739,234	2,772,682
Current portion	(1,852,474)	(1,247,544)
	886,760	1,525,138

NOTE 8. DEBENTURES (Continued)

(a) On February 28, 2014, the Company completed a Debenture Offering and issued 750 Debenture Units at a price of $820 per Debenture Unit for gross proceeds of $615,000. Each Debenture Unit is comprised of 1,901 common shares of the Company and $1,000 principal amount of unsecured non-convertible debenture, bearing interest at 12% payable semi-annually and with a term of 3 years from the date of issuance. The initial fair value of the liability component is $516,651. The residual value of $98,349 was attributed to common shares. In addition, the Company paid an aggregate of $35,072 in cash and issued 19 non-transferrable finders options ("Debenture Finder’s Option") to three arm’s length parties pursuant to finders’ agreements valued at $15,580 and recorded as an option on debenture units in the liabilities. An amount of $8,100 was attributed to the equity component of the debenture and recorded as issuance costs against share capital in the consolidated statement of changes in equity. Each Debenture Finder’s Option entitles the holder thereof to purchase one Debenture Unit for a period of 18 months from the closing of the Debenture Offering at an exercise price of $820 per Debenture Unit. The Company is required to hold in a separate account an amount equal to the interest payable over the twelve month period following the Closing Date. These amounts are to be used solely for the purpose of paying interest on such Debentures.

(b) On June 6, 2014, the Company completed a Debenture Offering and issued 250 Debenture Units at a price of $1,000 per Debenture Unit for gross proceeds of $250,000. Each Debenture Unit is comprised of 1,500 common shares of the Company and $1,000 principal amount of secured non-convertible debenture, bearing interest at 12% payable monthly and with a term of 2 years from the date of issuance. The initial fair value of the liability component is $212,303. The residual value of $37,697 was attributed to common shares.The Company paid an aggregate of $10,813 in cash of which an amount of $1,630 was attributed to the equity component of the debenture and recorded as issuance costs against share capital in the consolidated statement of changes in equity. The debenture is secured by the common shares owned in Global Resources Investment Ltd. ("GRIT") (Note 16) and by the sales tax receivable from the governments. During the year ended December 31, 2015, the Company repaid an amount of $71,500.

(c) On January 2, 2015, the Company completed a Debenture Offering and issued 303 Debenture Units at a price of US$1,000 per Debenture Unit for gross proceeds of US$303,000 ($351,874). Each Debenture Unit is comprised of 1,600 common shares of the Company and US$1,000 principal amount of unsecured, non-convertible debenture, bearing interest at 12% payable semi-annually and with a term of thirteen months from the date of issuance. The Company paid an aggregate of $26,686 in cash and issued 20 finders options ("Debenture Finder’s Option") valued at US$20,000 ($23,226) which are recorded as an option on debenture units in the liabilities. An amount of $7,040 was attributed to the equity component of the debenture and recorded as issuance costs against share capital in the consolidated statement of changes in equity. Each Debenture Finder’s Option entitles the holder thereof to purchase one Debenture Unit for a period of 18 months from the closing of the Debenture Offering at an exercise price of US$1000 per Debenture Unit. The initial fair value of the debt component was valued at US$260,212 ($302,184) and the residual of US$42,788 ($49,690) attributed to the common shares component.

(d) On February 17, 2015, the Company completed a debenture Offering and issued 500 Debenture Units at a price of US$1,000 per Debenture Unit for gross proceeds of US$500,000 ($622,350). Each Debenture Unit is comprised of 400 common shares of the Company and US$1,000 principal amount of unsecured, non-convertible debenture, bearing interest at 14% payable quarterly and with a term of twelve months from the date of issuance. The Company paid an aggregate of $50,588 in cash and issued 385,046 broker warrant. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.13 per share until August 17, 2016. The fair value of the broker warrants was estimated at $0.07 using the Black-Scholes pricing model with the following assumptions: an expected volatility of 115.6%, a risk-free interest rate of 0.46%, an expected unit life of 1.5 years, no expected dividend yield and a share price at date of grant of $0.13. As a result, the warrants were valued at $25,955 and recorded as share issuance costs against the liability component and credited to Contributed surplus in the statement of changes in equity. In total, an amount of $13,967 was attributed to the equity component of the debenture and recorded as issuance costs against share capital in the consolidated statement of changes in equity. The initial fair value of the debt component was valued at US$444,430 ($553,182) and the residual of US$55,570 ($69,168) attributed to the common shares component.

(e) On April 17, 2015, the Company completed a Bond Offering for gross proceeds of US$1,000,000 ($1,225,800). Each Debenture is non-convertible, bears interest at 12.5% payable quarterly in arrears commencing on September 30, 2015 and with a term of three years from the date of issuance. The Company paid an aggregate of $137,792 in cash and issued 2,422,115 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.13 per share until March 17, 2018. The fair value of the broker warrants was estimated at $0.15 using the Black-Scholes pricing model with the following assumptions: an expected volatility of 154.6%, a risk-free interest rate of 0.49%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of $0.13. As a result, the warrants were valued at $356,440 and recorded as share issuance costs against the debt component and credited to Contributed surplus in the statement of changes in equity. The Bonds are secured by the universality of tangible and intangible, present and future assets of the Company.

(Unaudited - in Canadian dollars)

NOTE 9. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Transactions on share capital

2016:

On March 19, 2016, the Company issued 1,000,000 common shares at a price of $0.10 per share for a total consideration of $100,000 to comply with the acquisition of the Potosi Silver Mine.

(c) Warrants:

The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

	March 31 2016		December 31 2015	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		$		$
Outstanding at beginning	14,988,041	0.23	12,855,344	0.23
Issued through the acquisition of the Potosi Silver Mine	100,000	0.17	-	-
Issued	-	-	5,158,797	0.18
Expired	(1,088,779)	0.25	(3,026,100)	0.26
Outstanding at end	13,999,262	0.21	14,988,041	0.21

The table below presents a summary of the outstanding warrants

	March 31 2016		December 31 2015	
Expiry date	Number of outstanding warrants	Exercise price	Number of outstanding warrants	Exercise price
		$		$
February 2016	-	-	913,550	0.27
March 2016	-	-	175,229	0.14
June 2016	660,000	0.11	660,000	0.11
August 2016	385,046	0.13	385,046	0.13
September 2016	5,440,171	0.28	5,440,171	0.28
October 2016	88,000	0.14	88,000	0.14
April 2017	1,900,000	0.28	1,900,000	0.28
October 2017	363,636	0.11	363,636	0.11
November 2017	2,200,000	0.10	2,200,000	0.10
March 2018	2,422,115	0.13	2,422,115	0.13
October 2018	440,294	0.22	440,294	0.22
	13,899,262	0.21	14,988,041	0.21

(Unaudited - in Canadian dollars)

NOTE 10. COST OF SALES

The following table presents cost of sales by nature:

	March 31 2016	March 31 2015
	$	$
Metallurgy sampling and analysis	-	5,349
Processing costs (a)	144,587	24,997
Transport	-	435
Depreciation of equipments	2,771	75
Total cost of sales	147,358	30,856

(a) In order to maintain the exclusive use of the Aldama Plant, the Company had the obligation to i) process a minimum of 1,000 metric tons per month or ii) make minimum monthly payments in the amount of US$35,000. As per an addendum signed with the owner, if the Company needs to pay the minimum monthly payment, an amount of US$10,000 will be paid and US$25,000 will be use, by the owner, to make plant improvements. Once done, these improvements will be included in the Company's commitment of US$400,000 as described in Note 16.

NOTE 11. EXPLORATION AND EVALUATION EXPENDITURES

The following table presents exploration and evaluation expenditures by nature:

	March 31 2016	March 31 2015
	$	$
Mexico		
Las Cristinas property:		
Exploration expenditures		
Licenses and permits	-	5,842
Geology	-	43,178
Metallurgy sampling and analysis	-	1,726
Security	6,670	-
General expenses	-	39,278
Depreciation of equipments	24,289	6,948
Total exploration and evaluation expenditures	30,959	96,972

NOTE 12. ADMINISTRATIVE EXPENSES BY NATURE

The following table presents administrative expenses by nature:

	March 31 2016	March 31 2015
	$	$
Management fees	78,626	110,912
Professional fees	24,967	29,237
Audit fees	-	10,710
Consulting fees	-	125
Investor relations	10,750	53,785
Travel and promotion	22,072	27,152
Registration, listing fees and shareholders information	14,482	12,117
Director's fees	7,624	10,300
Other general expenses	47,159	24,561
Share-based payments	13,038	29,093
Depreciation	88	88
Total administrative expenses	218,806	308,080

(Unaudited - in Canadian dollars)

NOTE 13. SHARE-BASED COMPENSATION

Share option plan:

The Company adopted a share option plan under which members of the Board may grant to directors, officers, employees and service providers options to purchase common shares.

The maximum number of shares that may be issued under the plan is limited to 10% of the issued and outstanding common shares. The exercise price of each option is determined by the Board of Directors and may not be lower than the market value of common shares on the eve of the grant, and the due date may not exceed five years. The options are exercisable upon grant. However, according to policy established by the Exchange, when shares reserved for share option plan to purchase common shares exceed 10% of the outstanding shares, options granted to directors, officers, employees and service providers must be exercised proportionately over a period of 18 months from the date of grant.

All share-based compensation will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The following table summarizes the status of the share option plan:

		March 31 2016		December 31 2015
	Number of options outstanding	Weighted average exercise price	Number of options outstanding	Weighted average exercise price
		$		$
Opening balance	2,100,000	0.18	3,100,000	0.19
Granted	600,000	0.07		
Forfeited	(300,000)	0.17	(800,000)	0.20
Expired	-	-	(200,000)	0.15
Closing balance - outstanding	2,400,000	0.16	2,100,000	0.18
Closing balance - exercisable	2,200,002	0.17	2,100,000	0.18

The fair value of share options acquired through the acquisition of Cyprium and granted to employees, directors and consultants of the Company was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

	March 31 2016	December 31 2015
Weighted average price at the grant date	0.06	-
Weighted average exercise price	0.07	-
Expected dividend	- %	-
Expected average volatility	138 %	-
Risk-free average interest rate	0.53 %	-
Expected average life (years)	5.00	-
Weighted fair value per share option	0.06	-

The underlying expected volatility was determined using the historical volatility of the Company's share price according to each expected life of the share options.

In total, an amount of $13,038 in share-based payments was included in net loss for the three-month period ended March 31, 2016 ($29 093 for the three-month period ended March 31, 2015) and credited to Contributed surplus.

(Unaudited - in Canadian dollars)

NOTE 13. SHARE-BASED COMPENSATION (Continued)

The following tables provides outstanding option information.

			March 31 2016			December 31 2015
Expiry date	**Number of**	**Exercise**	**Remaining**	**Number of**	**Exercise**	**Remaining**
		$	**(years)**		**$**	**(years)**
November 2017	100,000	0.19	1.59	100,000	0.19	1.84
January 2018	100,000	0.15	1.80	300,000	0.15	2.05
October 2018	500,000	0.22	2.57	600,000	0.22	2.82
April 2019	300,000	0.20	3.05	300,000	0.20	3.30
August 2019	600,000	0.155	3.41	600,000	0.155	3.66
December 2019	200,000	0.20	3.72	200,000	0.20	3.97
March 2021	600,000	0.07	4.96	-	-	-
Closing balance	2,400,000	0.16	3.46	2,100,000	0.18	3.08

NOTE 14. FINANCE EXPENSE

Finance expense recognized in the net loss are as follows:

	March 31 2016	**March 31 2015**
	$	**$**
Bank charges	3,410	2,764
Interest on loans	3,037	2,800
Interest on promissory notes	44,655	-
Interest on debentures	98,376	50,978
Accretion of interest	182,759	55,598
Exchange loss (gain)	(354,932)	33,186
Premium on amendment of promissory notes	65,600	-
Total finance expense	42,905	145,326

NOTE 15. RELATED PARTY TRANSACTIONS

Transactions with key management personnel:

The Company’s key management personnel are members of the Board of Directors, as well as the president and the chief financial officer.

Key management personnel compensation comprised:

	March 31 2016	**March 31 2015**
	$	**$**
Exploration and evaluation expenditures	6,670	-
General and administrative expenses		
Management fees	78,626	110,912
Consulting fees	28,585	-
Director’s fees	7,624	10,300
Accounting fees	-	19,844
Share-based payments	-	1,376
	121,505	142,432

Accounting fees includes fees paid to the Chief Financial Officer for financial services.

Exploration and evaluation expenditures and consulting fees includes fees paid to companies in which a director of the Company has an interest.

These transactions were measured at the exchange amount, which is the amount established and accepted by the parties and were conducted in the normal course of business.

(Unaudited - in Canadian dollars)

NOTE 16. COMMITMENTS

Mineral processing

The Company has entered into an agreement for the exclusive use of the Aldama Plant for a period a five years under which the Company has the obligation to i) process a minimum of 1,000 metric tons of ore per month or ii) make minimum monthly payments in the amount of US$35,000 in order to maintain the exclusive use of the Aldama Plant. Also, the Company has the obligation to make investments of a minimum of US$100,000 per year over four years with a view of doubling the capacity of the plant to 200 tons per day. As per an addendum signed with the owner, if the Company needs to pay the minimum monthly payment, an amount of US$10,000 will be paid and US$25,000 will be use, by the owner, to make plant improvements. Such improvements shall be included in the Company's commitment of US$400,000 once done.

At March 31, 2016, the Company has contractual commitments for the upgrade of the processing plant totalling US$262,500 ($340,384).

NOTE 17. CONTINGENCY

As a condition of the approval of listing of the Company's debentures in a principal amount of $750,000, the TSX Venture required the Company to maintain a segregated amount representing the first year's interest on the said debentures. As at March 31, 2016 the Company should have had an amount of $90,000 in reserved funds. In addition, the Company was not able to make its January 31, 2016 interest payment in the amount of $45,000.

The Company is in default pertaining to the US$303,000 and US$500,000 debentures, which expired in February 2016. However, the Company concluded debts settlements with some of the debenture holders as described in Note 19.

NOTE 18. SEGMENTED INFORMATION

The Company presents and discloses segmental information based on information that is regularly reviewed by the president and the Board of Directors. The president and the Board of Directors have joint responsibility for allocating resources and assessing performance. The Company is of the opinion that there is three segments of business being the processing activities, the exploration, evaluation and development of mineral resources activities and the corporate activities which represent the cost of corporate overhead expenses not allocated to a segment.

	Processing	Exploration	Corporate	Elimination	March 31 2016 Total
	$	$	$	$	$
Sales	-	-	-	-	-
Cost of sales	147,358	-	-	-	147,358
Gross operating loss	147,358	-	-	-	147,358
Exploration and evaluation expenditures	-	30,959	-	-	30,959
General and administrative expenses	68,975	15,435	140,307	22,674	247,391
Operating loss	216,333	46,394	140,307	22,674	425,708
Other expenses (income)					
Finance expense	(60,480)	(46,794)	172,853	(22,674)	42,905
Total other expenses (income)	(60,480)	(46,794)	172,853	(22,674)	42,905
Net loss	155,853	(400)	313,160	-	468,613

(Unaudited - in Canadian dollars)

NOTE 18. SEGMENTED INFORMATION (Continued)

	Processing	Exploration	Corporate	Elimination	March 31 2015 Total
	$	$	$	$	$
Sales	-	-	-	-	-
Cost of sales	30,856	-	-	-	30,856
Gross operating loss	30,856	-	-	-	30,856
Exploration and evaluation expenditures	-	96,972	-	-	96,972
General and administrative expenses	11,733	43,495	252,852		308,080
Operating loss	42,589	140,467	252,852	-	435,908
Other expenses					
Finance expense	957	11,500	132,869		145,326
Total other expenses	957	11,500	132,869	-	145,326
Net loss	43,546	151,967	385,721	-	581,234

The geographical distribution of the non-current assets is as follows:

	March 31 2016	December 31 2015
	$	$
Canada		
Equipment	962	1,050
Marketable securities	62,542	73,860
	63,504	74,910
Mexico		
Equipment	320,727	348,663
Mining assets under construction	2,017,236	1,909,728
	2,337,963	2,258,391
Ending balance	2,401,467	2,333,301

NOTE 19. SUBSEQUENT EVENTS

Debentures repayments
On February 2, 2016, the debentures for a total amount of US$303,000 expired and was not repaid to the debenture holders by the Company. However, in April 2016, the Company signed debt settlement agreements for the settlement of a total amount of US$125,000 through the issuance of units of the Company, the conversion of an amount of US$21,000 into an unsecured convertible debenture and the extension of an amount of US$125,000 for an additional year. In addition, the Company is still in negociations for an amount of US$21,000 but will have to pay an amount of US$11,000 in cash.

On February 12, 2016, the debentures for a total amount of US$500,000 expired. The Company did not repay the debenture holders at the expiry date. However, on May 5, 2016, the Company signed an extension until the earlier of August 7, 2016 or the date the second tranche of the total bond financing of US$4.5M is disbursed to Cyprium in a minimum of US$1.5M.

Private placement
On April 7, 2016, the Company announced the completion of the first tranche of a private placement of 5,890,000 units at a price of $0.065 per unit for gross proceeds of $382,850. Each unit comprises one common share of the Company and one share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of $0.10 per share expiring two years from the date of issuance.

On April 29, 2016, the Company announced the completion of the second tranche of a private placement of 2,300,000 units at a price of $0.065 per unit for gross proceeds of $149,500. Each unit comprises one common share of the Company and one share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of $0.10 per share expiring two years from the date of issuance.

NOTE 19. SUBSEQUENT EVENTS (Continued)

Debts settlements

On April 29, 2016, the Company announced the signature of debt settlement agreements for the settlement of a total amount of $413,588 through the issuance of 6,362,891 units of the Company at a price of $0.065 per unit. Each unit comprises one common share of the Company and one share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of $0.10 per share expiring two years from the date of issuance. These settlements will not have a significant impact on the Company's net loss.

On May 7, 2016, the Company announced the signature of a revised debt settlement agreement with its previous CEO for the settlement of the severance payment of $81,000 through the issuance of 480,060 units of the Company at a price of $0.065 per unit and the settlement of a debt of US$36,142 through the issuance of 406,000 units of the Company at a price of $0.065 per unit. Each unit comprises one common share of the Company and one share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of $0.10 per share expiring two years from the date of issuance. These settlements will not have a significant impact on the Company's net loss.

Debt conversion

On April 29, 2016, the Company announced the signature of debt settlement agreements with secured and unsecured debenture holders for the conversion of a total of US$21,000 and $90,000 into a $118,000 unsecured convertible debenture. The convertible debentures will mature three (3) years from the date of issuance, will bear interest at a rate of 8% per annum payable quarterly in cash. The principal amount of the convertible debentures shall be convertible at any time at the option of the holder into common shares of the Company at a price of $0.08 per common in the first year following closing and $0.10 per common share thereafter.

Loans

In April 2016, the Company signed amended promissory notes for the extension of a total of US$300,000 in loans. In addition, the Company signed debt settlement agreements for the settlement of a total amount of US$20,000 through the issuance of units of the Company.

Disposal of its investments in GRIT

On May 24, 2016, the Company sold its investment GRIT for a total consideration of $63,900.