Lupaka Gold Corp.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2016 and 2015
(Presented in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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

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

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

Lupaka Gold Corp.

Consolidated Condensed Interim Statements of Financial Position (Unaudited)

As at March 31, 2016 and December 31, 2015

(Presented in Thousands of Canadian Dollars)

	March 31, 2016 $	**December 31, 2015 $**
Assets		
Current assets		
Cash and cash equivalents	88	52
Trade and other receivables (Note 4)	17	20
Prepaid expenses and deposits	32	49
	137	121
Non-current assets		
Equipment (Note 5)	233	262
Mineral properties (Note 6)	28,007	29,067
Total assets	28,377	29,450
Liabilities		
Current liabilities		
Trade payables and other accrued liabilities	1,227	1,241
Due to related parties (Note 7)	656	696
	1,883	1,937
Long-term liabilities		
Provisions for reclamation	268	278
Total liabilities	2,151	2,215
Equity		
Common shares (Note 8(a))	57,890	57,791
Warrants (Note 8(b))	1,116	815
Contributed surplus	3,901	3,869
Deficit	(38,136)	(37,730)
Accumulated other comprehensive income	1,455	2,490
Total equity	26,226	27,235
Total liabilities and equity	28,377	29,450

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 6 and 11)
Subsequent event (Note 8)

Approved and authorized for issue by the Board on May 25, 2016.

signed "Gordon Ellis"	*signed "Stephen Silbernagel"*
Director	Director

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

Lupaka Gold Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)
For the three months ended March 31, 2016 and 2015

(Presented in Thousands of Canadian Dollars, Except Share Data)

	Three months ended March 31,	
	2016	**2015**
	$	**$**
Operating expenses		
Exploration		
Camp, community relations and related costs	179	465
Project administration	124	268
Technical reports, assays and related costs	–	–
Other		2
	303	735
General and administration		
Salaries and benefits	59	142
Shareholder and investor relations	7	77
Professional and regulatory fees	15	70
Office and general	26	33
Travel	3	5
	110	327
Operating loss	413	1,062
Finance income	–	(4)
Foreign exchange (gain) loss	(7)	1
Loss for the period	406	1,059
Weighted average number of shares outstanding, basic and diluted	107,343,361	92,545,110
Loss per share, basic and diluted	$0.00	$0.02

	Three months ended March 31,	
Consolidated statements of comprehensive loss	**2016**	**2015**
	$	**$**
Loss for the period	406	1,059
Currency translation adjustment on foreign operations	1,035	(1,374)
Comprehensive loss (gain)	1,441	(315)

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

Lupaka Gold Corp.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
For the three months ended March 31, 2016 and 2015

(Presented in Thousands of Canadian Dollars)

	Three months ended March 31,	
	2016	**2015**
	$	**$**
Cash flows from (used in) operating activities		
Loss for the period	(406)	(1,059)
Adjustment for items not affecting cash:		
Depreciation	17	56
Share-based compensation	32	34
Provisions for reclamation	(10)	–
Gain on disposal of equipment	(17)	–
	(384)	(969)
Changes in non-cash working capital		
Trade and other receivables	2	(3)
Prepaid expenses and deposits	17	(1)
Trade and other payables	(23)	163
Due to related parties (Note 7)	(31)	–
Net cash used in operating activities	(419)	(810)
Cash flows from (used in) investing activities		
Purchase of equipment	–	(44)
Proceeds on sale of equipment	20	–
Net cash from (used in) investing activities	20	(44)
Cash flows from financing activities		
Proceeds from private placement, net (Note 8)	401	–
Net cash from financing activities	401	–
Net decrease in cash and cash equivalents	2	(854)
Cash and cash equivalents - beginning of period	52	2,239
Effect of foreign exchange rate changes on cash and cash equivalents	34	(25)
Cash and cash equivalents - end of period	88	1,360

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

Lupaka Gold Corp.

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
For the three months ended March 31, 2016 and 2015

(Presented in Thousands of Canadian Dollars, Except Share Data)

	Three months ended March 31,			
	2016		2015	
	Number	$	Number	$
Common shares (Note 8 (a))				
Balance – beginning of period	103,563,251	57,791	92,545,110	57,360
Issued pursuant to a private placement	8,390,000	99	–	–
Balance – end of period	111,953,251	57,890	92,545,110	57,360
Share purchase warrants (Note 8 (b))				
Balance – beginning of period		815		541
Issued pursuant to a private placement		301		–
Balance – end of period		1,116		541
Contributed surplus (Note 8 (c))				
Balance – beginning of period		3,869		3,751
Share-based compensation		32		34
Balance – end of period		3,901		3,785
Deficit				
Balance – beginning of period		(37,730)		(33,930)
Loss for the period		(406)		(1,059)
Balance – end of period		(38,136)		(34,989)
Accumulated other comprehensive income				
Balance – beginning of period		2,490		1,402
Currency translation adjustment on foreign operations		(1,035)		1,374
Balance – end of period		1,455		2,776
Total equity		26,226		29,473

1 Nature of operations and going concern

Lupaka Gold Corp. ("Lupaka") was incorporated in Canada on November 3, 2000 under the legislation of the Province of British Columbia, and is in the business of acquiring and exploring mineral resource properties. Lupaka was dormant prior to January 1, 2010.

All of Lupaka's resource properties are located in Peru and are held by Lupaka's 100%-owned subsidiaries.

Lupaka's registered office is located at 700 – 595 Howe Street, Vancouver, BC, V6C 2T5 and its records office is located at 220 – 800 West Pender Street, Vancouver, BC, V6C 2V6. Lupaka's common shares trade in Canada on the TSX Venture Exchange ("TSX.V") and in Germany on the Frankfurt Exchange under the symbol LQP.

Collectively, Lupaka and its subsidiaries are referred to hereafter as "the Company".

These condensed consolidated interim financial statements ("financial statements") are prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material. Several adverse conditions cast significant doubt upon the validity of the going concern assumption. The Company has a working capital deficit of $1,746,000, a loss of $406,000 for the three-month period ended March 31, 2016 and a deficit of $38,136,000.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain alternative financing, which it has been successful in doing so in the past. In addition, if the Company is to develop its near-term production-ready Invicta Gold Project, it will be necessary to obtain additional financing – see Note 12. As the outcome of these matters cannot be predicted at this time, if the Company is unable to obtain additional financing, management may be required to further curtail certain expenses.

2 Basis of preparation

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently followed, unless otherwise stated.

2.1 Statement of compliance

These unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with IAS 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). As such, these interim financial statements do not include all of the information required by IFRS for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

These interim statements also follow the same accounting policies and methods of computation as compared to the most recent consolidated financial statements for the year ended December 31, 2015.

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on May 25, 2016.

2.2 Significant accounting judgments and key sources of estimate uncertainty

In preparing these condensed consolidated interim financial statements, the Company is required to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments used in developing and applying the accounting policies are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Significant accounting judgments
The following are the significant judgments, apart from those involving estimates, that management made in the process of applying the Company's key accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements.

Going concern assumption – presentation of the condensed consolidated interim financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Determination of functional currency – the functional currency is the currency of the primary economic environment in which an entity operates. This involves evaluating factors such as the dominant currency that influences local competition and regulation, the currency that is used to pay local operating costs, and the currency used to generate financing cash inflows. The evaluation of these factors is reviewed on an ongoing basis.

Determination of cash-generating units – for the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows or outflows (cash-generating units). In management's judgment the Company has two cash-generating units ("CGUs") based on the evaluation of the smallest discrete group of assets that generate cash flows.

Impairment of mineral properties – the carrying value of the Company's mineral properties is reviewed by management at each reporting period, or whenever events or circumstances indicate that the carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Recognition of deferred income tax assets - the decision to recognise a deferred tax asset is based on management's judgment of whether it is considered probable that future taxable profits will be available against which unused tax losses, tax credits or deductible temporary differences can be utilized.

No loss provision regarding possible additional tax assessments – the decision that no loss provision be made regarding the challenge to the deductibility of certain property write-offs and foreign exchange losses by SUNAT, the Peruvian tax authority, is based on the Company's opinion that the deductions are legitimate and can be successfully defended in the appeals process available under Peruvian law. See Note 11.

Key sources of estimate uncertainty
The following is information about the significant areas of estimation uncertainty in applying accounting policies that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Reclamation obligations – provision is made for the anticipated costs of future reclamation and rehabilitation of mining areas which have been altered due to exploration activities and/or from which natural resources have been extracted to the extent that a legal or constructive obligation exists. These provisions include future cost estimates associated with reclamation, the calculation of which requires assumptions such as application of environmental legislation, available technologies and engineering cost estimates. A change in any of the assumptions used may have a material impact on the carrying value of reclamation provisions.

2.3 Basis of consolidation

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into line with those used by the Company. Inter-company transactions, balances, loss, comprehensive loss and expenses are eliminated on consolidation, where appropriate.

The condensed consolidated interim financial statements include the accounts of Lupaka and its subsidiaries, all of which are 100% owned:

- Andean American Gold Corp. ("AAG"), a Canadian company
- Lupaka Gold Peru S.A.C. ("LGP"), a Peruvian company
- Invicta Mining Corp S.A.C. ("IMC"), a Peruvian company
- Andean Exploraciones S.A.C. ("AES"), a Peruvian company (inactive)
- Greenhydro S.A.C. ("Greenhydro"), a Peruvian company (inactive)

3 Changes in accounting policy

The following pronouncements have been issued but are not yet effective:

IFRS 9 - Financial Instruments - In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments ("IFRS 9") to replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16 - Leases - In January 2016, the IASB published a new accounting standard, IFRS 16 - Leases ("IFRS 16") which supersedes IAS 17 - Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, has also been applied. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

4 Trade and other receivables

The Company’s trade and other receivables consist of goods and services taxes due from the Governments of Canada and Peru. The Company anticipates full recovery of its outstanding trade and other receivables within one year.

5 Equipment

In thousands of dollars	**Vehicles and field equipment**	**Office equip and furniture**	**Total**
Cost			
Balance as at December 31, 2014	698	98	796
Additions	55	7	62
Disposal of equipment	(146)	–	(146)
Balance as at December 31, 2015	607	105	712
Additions	–	–	–
Disposal of equipment	(33)	–	(33)
Foreign exchange	(22)	(6)	(28)
Balance as at March 31, 2016	552	99	651
Accumulated depreciation			
Balance as at December 31, 2014	413	56	469
Depreciation	90	28	118
Disposal of equipment	(137)	–	(137)
Balance as at December 31, 2015	366	84	450
Depreciation	13	4	17
Disposal of equipment	(30)	–	(30)
Foreign exchange	(13)	(6)	(19)
Balance as at March 31, 2016	336	82	418
Carrying amounts			
Balance as at December 31, 2015	241	21	262
Balance as at March 31, 2016	216	17	233

During the three months ended March 31, 2016, $16,000 (2015 – $55,000) of depreciation was included in project administration and $1,000 (2015 – $1,000) of depreciation was included in office and general.

6 Mineral properties

The Company's mineral properties comprise the Invicta Gold Project located in northwest Peru, the Crucero Gold Project located in southeast Peru, and an option to earn an ownership position of up to 65% of the Josnitoro Gold Project located in southern Peru.

Invicta Gold Project ("Invicta")
In connection with the Company's October 2012 acquisition of AAG, the Company acquired Invicta, located in the Lima Region of central Peru, which comprises of 46 concession and petition claims that are held by IMC and which make up the Invicta Gold Project.

Invicta was originally acquired by AAG by way of an October 2005 option agreement with Minera Barrick Misquichilca ("Barrick"), a wholly-owned subsidiary of Barrick Gold Corporation ("ABX"), which was exercised in 2007. In June 2014, the Company was advised by Barrick that the advance royalty and production royalty agreements were assigned and sold to Franco-Nevada Corporation, a gold-focused royalty and stream company ("FNC").

The option agreement required the Company to pay Barrick US$200,000 for the mining rights, plus a 1% Net Smelter Royalty ("NSR") capped at $1,107,000 (US$800,000). The agreement also calls for advance annual royalty payments of US$100,000, commencing on the date of exercising the option and every anniversary thereafter. To December 31, 2015, US$800,000 has been paid for the mining rights and advance royalties and US$100,000 is accrued.

In addition to the advance royalty payments, and only on the commencement of commercial production, the Company will be required to also pay US$50,000 on a quarterly basis, which is capped at a total of US$800,000.

On January 22, 2016, the Company announced that it had signed a non-binding Letter of Intent with Pandion Mining Finance LLC ("Pandion") to fund the completion of development and subsequent production at its Invicta Gold Project ("Invicta"). This financing is subject to Pandion's completion of additional due diligence and the execution of a Definitive Agreement, originally by April 30, 2016, which was subsequently amended to May 31, 2016.

It is anticipated that the ~US$10,600,000 in funding would be provided to the Company in two tranches: the first of ~US$3,600,000 is expected to allow the Company to attain a Phase 1 production level of 150 tonnes per day ("tpd"). Within one year of operations, a second tranche of ~US$7,000,000 would be made available to allow the Company to complete the expansion of its mine production to 350 tpd, and the construction and commissioning of its own processing facility.

The carrying value of the Invicta mineral property as at March 31, 2016 is $10,873,000 ($11,284,000 – December 31, 2015). The change in carrying value of $411,000 for the three months ended March 31, 2016 is due to changes in foreign currency translation rates that occurred between the Canadian Dollar and Peruvian Nuevo Sol from December 31, 2015 to March 31, 2016.

Crucero Gold Project ("Crucero")
The Crucero concessions comprise of 6 100%-owned mining concessions (which are not subject to any royalty interest) and 3 mining concessions held under a 30-year assignment which expires in

September 2038 (subject to a maximum of a 5% net smelter return royalty on all gold and other minerals produced from the assigned concessions, dependent on the price of gold). These nine concessions are held by LGP and make up the Crucero Gold Project.

The carrying value of Crucero as at March 31, 2015 is $17,134,000 ($17,783,000 – December 31, 2015). The change in carrying value of $649,000 for the three months ended March 31, 2016 is due to changes in foreign currency translation rates between the Canadian Dollar and Peruvian Nuevo Sol which occurred from December 31, 2015 to March 31, 2016.

Josnitoro Gold Project ("Josnitoro")
In November 2013, the Company acquired an option from Hochschild Mining plc ("Hochschild") to earn-in to a 65% interest on Josnitoro (the "Option") in Southern Peru. Josnitoro is an exploration stage gold and copper project in the Department of Apurimac which comprises 19 concessions.

The Company would be the project operator and must pay 100% of the cost of the required earn-in activities. In order to exercise the Option to acquire a 65% interest, the Company must maintain the related concessions in good-standing, obtain the required permits and licenses, including community agreements, and invest at least US$500,000 to obtain the aforementioned social and legal permits which shall enable the Company to start exploration within 3 years of the execution of a definitive agreement. Once the aforementioned permits have been obtained, the Company shall have 3 years to complete at least 10,000 metres of drilling, of which 3,000 metres will have to be fulfilled in the event that the Company opts out from the foregoing agreement without having exercised the Option. In the event that the Company does not obtain the aforementioned permits, the minimum metres to be drilled will not be required by Hochschild. Once the 10,000 metres of drilling have been completed, the Company shall have one year to deliver a preliminary economic assessment ("PEA") to Hochschild. In the event that the Company is not able to receive community permission to commence drilling, the Company can abandon the Option with no penalty.

The carrying value of the Josnitoro Gold Project, for which no consideration has been paid, as at March 31, 2016 and December 31, 2015 was $Nil.

7 Related party transactions

Details of transactions between the Company and other related parties are disclosed below:

(a) Related party expenditures

During the three months ended March 31, 2016, the Company had no related party transactions with K-Rok Minerals Inc. ("K-Rok", a significant shareholder of the Company), which is owned 60% by ABE Industries Inc. ("ABE"), 35% by Havilah Holdings Inc. ("Havilah") and 5% by another individual. ABE is wholly-owned by Gordann Consultants Ltd., a company in which Gordon Ellis owns a 51% interest and his wife, Margaret Ellis, owns a 49% interest. Gordon Ellis is the Executive Chairman of the Company and a director, and through his spousal and corporate ownerships is a greater than 10% shareholder of the Company. Havilah is a company wholly-owned by Geoff Courtnall.

The table below shows expenditures incurred in the normal course of operations in connection with private companies controlled by shareholders (including their immediate family) of K-Rok ("S"), and directors ("D") as below:

		Three months ended March 31,	
Nature of Transaction *In thousands of dollars*	Related Party	**2016**	**2015**
Shareholder and investor relations	S	–	30
Project administration	S, D	–	19
Salaries and benefits	S, D	–	6
		–	55

(b) Key management compensation

Key management includes directors and executive officers of the Company. The compensation paid or payable to key management for employee services is shown below:

	Three months ended March 31,	
In thousands of dollars	**2016**	**2015**
Salaries and benefits	25	160
Share-based compensation	23	23
Total key management compensation	48	183

(c) Due to related parties

Amounts due to related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

As at March 31, 2016:

i) $12,000 was payable to an officer, director and a company controlled by a related party for unpaid services rendered, and

ii) $644,000 was payable to the former President and C.E.O., pursuant to the October 2015 termination of his employment from the Company.

8 Equity

a) Common shares

Authorized: unlimited with no par value.

On February 19, 2016, the Company closed a non-brokered private placement ("the February 2016 Placement") and issued 8,390,000 Units priced at $0.05 per Unit, for gross proceeds of $419,500. For the February 2016 Placement, each Unit consists of one common share and one transferable common share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one additional common share, exercisable at $0.10 for a period of thirty-six months from closing. No Insiders of the Company participated in the February 2016 Placement and finders' fees to arm's-length parties consisted of $16,110 in cash. Other share issue costs totalled approximately $2,800.

(Presented in Canadian Dollars)

The shares and Warrants issued in the 2016 Placement were each subject to a four-month hold period from the date of issue.

Subsequent to March 31, 2016, 837,000 warrants were exercised by Insiders of the Company for proceeds of $125,500.

b) Share purchase warrants

As a result of the Placement outlined in Note 8 (a), the Company now has the following share purchase warrants outstanding:

	Weighted average exercise price $	**Number of share purchase warrants**
Outstanding – beginning of year	0.21	19,179,784
Placement Warrants issued:		
February 19, 2019 expiry	0.10	8,390,000
	0.18	27,569,784

At any time following the date that is four months after the date of issue, the Warrants are subject to an acceleration clause in the event the closing price of Lupaka Gold's common shares is greater than $0.30 for a period of 20 consecutive trading days. Lupaka Gold may accelerate the expiry date of the warrants by giving notice to the holders thereof through the issuance of a press release. In such case, the Warrants will expire on the 30th day after the date on which such notice is given.

c) Share options

The Company has in place an incentive share option plan dated September 20, 2010 (the "Option Plan") for directors, officers, employees and consultants to the Company. The Option Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine, within the limitations of the Option Plan, including:

- The maximum number of common shares issuable pursuant to options granted under the Option Plan shall not exceed 10% of the outstanding common shares issued at the date of grant and
- The terms of options are a minimum of one year and a maximum of ten years from the date the option is granted, with the most common option terms being two and five years.

Vesting terms are determined for each grant by the Company's Board of Directors. No options were granted in the three months ended March 31, 2016.

A summary of changes to share options outstanding and exercisable is as follows:

	Three months ended March 31,			
	2015		2015	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Options outstanding – beginning of period	8,118,750	0.34	9,198,000	0.48
Expired	(236,250)	1.21		
Forfeited	–	–	(141,250)	0.15
Options outstanding – end of period	7,882,500	0.31	9,056,750	0.48
Options exercisable – end of period	5,432,500	0.42	7,488,000	0.55

No options were granted or exercised in the three months ended March 31, 2016 or 2015.

Non-cash share-based compensation costs of $32,000 have been recorded for the three months ended March 31, 2016 (March 31, 2015 – $34,000), allocated as follows:

	Three months ended March 31,	
In thousands of dollars	2016	2015
Salaries and benefits	24	21
Shareholder and investor relations	3	4
Project administration	4	8
Camp and related	1	1
Total share-based compensation	32	34

The following table summarizes information about share options outstanding and exercisable at March 31, 2016:

		Outstanding			Exercisable		
Year of Expiry	Range of exercise prices $	Number of options outstanding	Weighted average exercise price $	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average exercise price $	Weighted average remaining contractual life (years)
2016	1.21 – 2.00	902,500	1.36	0.6	902,500	1.36	0.6
2017	0.45	935,000	0.45	1.6	935,000	0.45	1.6
2018	0.20 – 0.40	1,825,000	0.27	2.5	1,825,000	0.26	2.5
2019	0.13	1,430,000	0.13	3.6	1,072,500	0.13	3.6
2020	0.06	2,790,000	0.06	4.6	697,500	0.06	4.6
	0.06 – 2.00	7,882,500	0.31	3.1	5,432,500	0.42	2.5

9 Segmented information

The Company operates in one segment, being mineral exploration and development. Losses for the three months ended March 31, 2016 and 2015 and total assets by geographic location are as follows:

	Three months ended March 31,	
In thousands of dollars	**2016**	**2015**
Loss		
Canada	103	323
Peru	303	736
	406	1,059

In thousands of dollars	**March 31, 2016**	**December 31, 2015**
Total assets		
Canada	86	69
Peru	28,291	29,381
	28,377	29,450

10 Supplemental cash flow information

Cash and cash equivalents comprise the following:

In thousands of dollars	**March 31, 2016**	**December 31, 2015**
Cash on hand and balances with banks	88	52
	88	52

11 Commitments and contingencies

SUNAT, the Peruvian tax authority, completed its audit of the tax filings of a former AAG Peruvian subsidiary for the years 2002 to 2004. SUNAT has challenged the deductibility of certain property write-offs and foreign exchange losses in those filings that may result in additional tax assessments and the imposition of fines and interest amounting in total to approximately US$5,000,000. The Company is of the opinion that these deductions are legitimate and can be successfully defended in the appeals processes that are available under Peruvian law, which may take as long as five years to reach a conclusion. As at March 31, 2016, no loss provision has been made in these consolidated financial statements.