



RUSORO MINING LTD.
Condensed Interim Consolidated Financial Statements
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Expressed in thousands of US dollars, except per share amounts)
(Unaudited)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2015.

Pursuant to 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 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 interim consolidated financial statements of the Company for the interim period ended March 31, 2015, have been prepared in accordance with the International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, Grant Thornton LLP, have not performed a review of these interim financial statements.

Dated this 29th day of May, 2015

RUSORO MINING LTD.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in thousands of US dollars, except per share amounts)
(Unaudited)



	March 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash	\$ 19	\$ 192
Receivables (Notes 3 and 15)	139	303
	<u>\$ 158</u>	<u>\$ 495</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 4 and 10)	\$ 79,138	\$ 78,031
Decommissioning and restoration provision (Note 6)	27,230	27,230
Derivative financial liability (Note 5)	11,251	10,840
Income taxes payable	2,646	2,646
Convertible loan (Note 7)	30,000	30,000
Other current provisions	2,181	2,181
	<u>152,446</u>	<u>150,928</u>
SHAREHOLDERS' DEFICIENCY		
Issued capital (Note 8)	736,385	736,385
Contributed surplus	65,159	65,159
Deficit	<u>(934,162)</u>	<u>(932,307)</u>
	(132,618)	(130,763)
Non-controlling interests	<u>(19,670)</u>	<u>(19,670)</u>
	<u>(152,288)</u>	<u>(150,433)</u>
	<u>\$ 158</u>	<u>\$ 495</u>

Nature of operations (Note 1)
Basis of presentation and going concern assumption (Note 2)
Commitments and contingencies (Note 15)

Approved by the Board of Directors and authorized for issue on May 29, 2015:

"Andre Agapov" Director

"Gordon Keep" Director

See accompanying notes to the unaudited condensed interim consolidated financial statements

RUSORO MINING LTD.
Consolidated Statements of Comprehensive Loss
For the three months ended March 31, 2015 and 2014
(Expressed in thousands of US dollars, except per share amounts)
(Unaudited)



	2015	2014
OPERATING EXPENSES		
General and administrative, net of recoveries (Note 9)	362	123
Foreign exchange gain	(145)	(95)
	<u>217</u>	<u>28</u>
LOSS FROM OPERATIONS	<u>(217)</u>	<u>(28)</u>
Interest on convertible loan	1,227	1,101
Interest on gold sale contract (Note 5)	384	437
Loss on revaluation of gold sale contract (Note 5)	27	528
	<u>1,638</u>	<u>2,066</u>
NET LOSS AND COMPREHENSIVE LOSS	<u>(1,855)</u>	<u>(2,094)</u>
Attributable to:		
Non-controlling interests	-	-
Equity shareholders of the Company	(1,855)	(2,094)
	<u>\$ (1,855)</u>	<u>\$ (2,094)</u>
LOSS PER SHARE		
Basic and diluted (Note 17)	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	532,621	532,621
Diluted	532,621	532,621

See accompanying notes to the unaudited condensed interim consolidated financial statements

RUSORO MINING LTD.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in thousands of US dollars, except per share amounts)
(Unaudited)



	Issued capital		Contributed surplus	Deficit	Non-controlling interests	Shareholders' Deficiency
	Shares	Amount				
Balance, December 31, 2013	532,621	\$ 736,385	\$ 65,159	\$ (918,368)	\$ (19,670)	\$ (136,494)
Comprehensive loss	-	-	-	(2,094)	-	(2,094)
Balance, March 31, 2014	532,621	736,385	65,159	(920,462)	(19,670)	(138,588)
Comprehensive loss	-	-	-	(11,845)	-	(11,845)
Balance, December 31, 2014	532,621	736,385	65,159	(932,307)	(19,670)	(150,433)
Comprehensive loss	-	-	-	(1,855)	-	(1,855)
Balance, March 31, 2015	<u>532,621</u>	<u>\$ 736,385</u>	<u>\$ 65,159</u>	<u>\$ (934,162)</u>	<u>\$ (19,670)</u>	<u>\$ (152,288)</u>

See accompanying notes to the unaudited condensed interim consolidated financial statements.

RUSORO MINING LTD.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2015 and 2014
(Expressed in thousands of US dollars, except per share amounts)
(Unaudited)



	2015	2014
CASH DERIVED FROM (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	\$ (1,855)	\$ (2,094)
Adjustments for items not involving cash:		
Interest on gold sale contract	384	437
Interest on convertible loan	1,227	1,101
Loss on revaluation of gold sale contract	27	528
	<u>(217)</u>	<u>(28)</u>
Changes in non-cash working capital items (Note 12)	44	(30)
	<u>(173)</u>	<u>(58)</u>
DECREASE IN CASH	(173)	(58)
Cash – beginning of period	192	903
Cash – end of period	<u>\$ 19</u>	<u>\$ 845</u>

Supplemental cash flow information (Note 12)

See accompanying notes to the unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Rusoro Mining Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on March 1, 2000. The registered office of the Company is 1600-609 Granville Street, Vancouver, British Columbia, Canada and the corporate headquarters is located at 3123-595 Burrard Street, Vancouver, British Columbia, Canada. The principal business activities of the Company are the operation, acquisition, exploration and development of gold mining and mineral properties.

The Company received mining concessions in Venezuela for the exploration, development and exploitation of alluvial and vein gold. The concessions were granted by the Venezuelan Ministry of Mines and Basic Industries ("MIBAM") or by Corporacion Venezolana de Guayana ("CVG"), maturing in 20 to 25 years from initial grant date, with some concessions extendable for two additional subsequent periods of 10 years each. Until March 14, 2012, the Company owned two producing gold mines in Venezuela. It held a 95% ownership interest in the Choco 10 mine (the "Choco Mine") which was acquired on November 30, 2007 and a 50% ownership interest in the Isidora mine (the "Isidora Mine") which was acquired on December 23, 2008. The Company operated the Isidora Mine under a joint venture agreement with the Venezuelan government (Note 15). The Company also held various exploration projects and one development project in Venezuela called San Rafael El Placer.

On September 16, 2011, the Venezuelan government, through publication in the Official Gazette of Venezuela, enacted a law-decree (the "Decree") reserving the government of Venezuela exclusive rights over the extraction of gold in Venezuela (the "Nationalization"). The Decree mandated the expiration of all mining concessions held by the Company and their reversal to the Venezuelan government except for those in which the Company and the Venezuelan government agree to continue operating jointly in the form of a mixed-interest enterprise (the "Mixed Enterprise") and in which the Company could not own more than a 45% share participation. The Decree provided for a 90-day period starting September 16, 2011 for the government of Venezuela and the Company to negotiate the terms and conditions of the migration of its mining assets to the Mixed Enterprise, including the compensation to the Company for the loss of ownership of its assets as a result of the Nationalization. This 90-day negotiation period was subsequently extended to March 14, 2012 by the Venezuelan government through decree No. 8683.

The Company was unable to agree with the Venezuelan government upon the terms and conditions of the migration of its mining assets to the Mixed Enterprise within the designated time periods therefore effective March 14, 2012, in accordance with the procedures outlined in the Decree, all of the Company's mining concessions expired by force of the Decree and all of its assets and operations reverted to the Venezuelan government who took possession and control of the assets and operations in accordance with Venezuelan law, thereby becoming the new operator and employer.

Management determined the Company's sole recourse was to file a Request for Arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes ("ICSID") against the government of Venezuela alleging violations of the provisions of the Bilateral Treaty for the Protection of Investments entered between the governments of Canada and Venezuela (the "Treaty"). This request was filed on July 17, 2012. The Treaty provides that the Venezuelan government must pay a fair, prompt, and timely compensation to the Company as a result of the Nationalization. In parallel the Company continues to seek an amicable resolution with the Venezuelan government.

The Company's cash balance of \$19 as at March 31, 2015 is held in bank accounts in which the Company retained full control after the Nationalization.

On June 14, 2012, the Company entered into a Creditors and Shareholders Agreement (the "CSA") with significant equity holders and creditors who agreed not to take any steps or actions to exercise their rights and remedies against the Company until the expiration of a standstill period, subject to various clauses.

On June 15, 2012, the Company entered into a litigation funding agreement (the "Litigation Funding Agreement") with a subsidiary (the "Funder"), of the Calunius Litigation Risk Fund LP (the "Fund"). Calunius Capital LLP is the exclusive investment advisor to the Fund, which specializes in funding commercial litigation and arbitration claims. Under the terms of the Litigation Funding Agreement, the Funder has agreed to assist in the funding of Rusoro's legal costs in relation to the international arbitration proceedings against the Republic of Venezuela (the "Respondent" or "Venezuela") on a non-recourse basis. Rusoro will continue to have complete control over the conduct of the international arbitration proceedings, insofar as the proceedings relate to the Company's claims, and continues to have the right to settle with the Respondent, discontinue proceedings, pursue the proceedings to trial and take any action Rusoro considers appropriate to enforce judgment.

The Litigation Funding Agreement provides contingent consideration to the Funder and other select parties as described in Note 15 and resulted in an amendment to the terms of the Gold Sale Contract adding an annual interest rate of 11% (Note 5).

On July 17, 2012, the Company filed a Request for Arbitration before the Additional Facility of the World Bank's ICSID against Venezuela pursuant to the Treaty. The arbitration commenced following the passing by the Venezuelan government of a series of measures that dismantled the legal regime for the marketing of gold in Venezuela and culminated in the outright nationalization and control of Rusoro's investments in Venezuela without compensation. The claim is for breach of the Treaty's protections against expropriation, unfair and inequitable treatment and discrimination, and for breach of the guarantees of full protection and security and free transfer of investments.

On March 21, 2013, the Company filed a Statement of Claim in its arbitration against Venezuela before the World Bank's ICSID, in accordance with the provisions of the Canada-Venezuela Bilateral Investment Treaty. Based on a March 15, 2013, valuation performed by an independent expert, the Company is seeking fair-value compensation of \$3.03 billion for all its losses caused by the Nationalization.

2. BASIS OF PRESENTATION AND GOING CONCERN ASSUMPTION

a) Basis of Presentation

The unaudited condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2014. Hence, these interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2014, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented in the audited consolidated financial statements for the fiscal year ended December 31, 2014, and have been consistently applied in the preparation of these interim financial statements. The policies applied in these interim financial statements are based on IFRS issued and outstanding as of May 29, 2015, the date the Board of Directors approved the interim financial statements.

b) Foreign Currency Translation

On February 8, 2013, Venezuela devalued its currency, the Bolivar, to 6.3 Bolivars per U.S. dollar, from 4.3 Bolivars per U.S. dollar.

c) Going Concern Assumption

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment, of material uncertainties related to events or conditions, such as those described above and herein, that may cast significant doubt upon the Company's ability to continue as a going concern.

On March 14, 2012, in accordance with the procedures outlined in the Decree, 100% of the Company's Venezuelan mining concessions expired by force of the Decree and the Company's assets and operations reverted to the Venezuelan government.

Under these circumstances, the Company maintains the position that the application of the going concern assumption is still appropriate, as courses of action have been identified and acted upon which will increase the likelihood of the Company's ability to repay its loan and its other liabilities as follows:

- 1) The Company continues to negotiate with the Venezuelan government to reach mutually agreed-upon terms, including fair compensation paid to the Company which will be sufficient for the Company to repay all its outstanding liabilities;
- 2) On June 15, 2012 the Company entered into the Litigation Funding Agreement whereby the Funder agreed to assist in the funding of Rusoro's legal costs in relation to the international arbitration proceedings against Venezuela on a non-recourse basis and funding of the Company's expected operating expenditures;
- 3) Related to the Litigation Funding Agreement, on June 14, 2012 the Company entered into the CSA with significant equityholders and creditors who agreed not to take any steps or actions to exercise their rights and remedies against the Company until the expiration of a standstill period, subject to various clauses;
- 4) On July 17, 2012, the Company filed a Request for Arbitration before the Additional Facility of the World Bank's ICSID against Venezuela pursuant to the Treaty; and
- 5) On March 21, 2013, the Company filed a Statement of Claim in its arbitration against Venezuela before the World Bank's ICSID, in accordance with the provisions of the Canada-Venezuela Bilateral Investment Treaty. Based on a March 15, 2013, valuation performed by an independent expert, the Company is seeking fair-value compensation of \$3.03 billion for all its losses caused by the Nationalization.

There are material uncertainties surrounding the Nationalization (Note 1), including, but not limited to the likelihood of reaching an amicable compensation with the Venezuelan government, the success in the arbitration proceedings against the Venezuelan government and the amount, timing and/or form of any compensation or arbitration award. Management is making efforts to work with vendors and potential creditors not covered by the CSA to have them forbear on demanding currently due amounts while it pursues the above-mentioned courses of action. There is, however, no assurance that the sufficient sources of funding described above will be available to the Company, that they will be available on terms and a timely basis that are acceptable to the Company, or that the Company will be able to secure additional funding.

These unaudited condensed interim financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2015, the Company had a net working capital deficiency (current assets minus current liabilities) of \$152,288. The Company did not perform the repayment of the convertible loan for \$30,000 (included in current liabilities) when it became due in June 2011 and on June 14, 2012 the convertible loan lenders signed the CSA which granted a standstill period, subject to various clauses. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

RUSORO MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements**

March 31, 2015

(Expressed in thousands of US dollars, except per share amounts)

(Unaudited)

**d) Basis of Consolidation**

These unaudited condensed interim consolidated financial statements include the financial statements of the Company, its subsidiaries, and joint arrangements. Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the unaudited condensed interim consolidated financial statements.

The principal subsidiaries, joint arrangements, and the Company's ownership interests therein, are as follows:

Company	Location	Ownership interest	Status
Promotora Minera de Guayana, P.M.G., S.A.	Venezuela	95%	Consolidated
Minera Venrus C.A.	Venezuela	50%	Proportionate Share
Minera Rusoro Venezolana C.A.	Venezuela	50%	Proportionate Share
El Callao Gold Mining Company de Venezuela S.C.S.	Venezuela	50%	Proportionate Share
Proyectos Mineros del Sur, PROMINSUR, C.A.	Venezuela	100%	Consolidated
Corporacion Aurifera de El Callo, C.A.	Venezuela	100%	Consolidated
Corporacion Minera Choco 9 C.A.	Venezuela	100%	Consolidated
Corporacion 80.000 C.A.	Venezuela	100%	Consolidated
Lamin Laboreos Mineros C.A.	Venezuela	100%	Consolidated
Mineria MS C.A.	Venezuela	100%	Consolidated
General Mining de Guayana C.A.	Venezuela	100%	Consolidated
Kryos Mining S.A.	Venezuela	100%	Consolidated
Inversiones Yuruan C.A.	Venezuela	100%	Consolidated
Venezuela Holdings (BVI) Ltd	British Virgin Islands	100%	Consolidated

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Similarly, non-controlling interests in the components of comprehensive income (loss) are identified separately. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. A 5% non-controlling interest exists in Promotora Minera de Guayana, P.M.G., S.A. ("PMG"), which represents the outside interest's share of the carrying value of PMG, which owns the Choco Mine.

e) Accounting Standards Issued But Not Yet Effective**Financial instruments**

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which will be effective for annual periods commencing on or after January 1, 2018. IFRS 9 is intended to reduce the complexity for the classification and measurement of financial instruments.

Revenue

The IASB issued IFRS 15 - Revenue from Contracts with Customers, which replaces IAS 18 - Revenue, IAS 11 - Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2017, with earlier adoption permitted.

Amendments

In addition, the IASB issued amendments to the following standards in May 2014: IFRS 11 – Accounting for acquisitions of interests in joint operations, IAS 16 – Property, plant and equipment, and IAS 38 – Clarification of acceptable methods of depreciation and amortization amendments. These amendments are effective for financial periods beginning on or after January 1, 2016.

RUSORO MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2015****(Expressed in thousands of US dollars, except per share amounts)****(Unaudited)**

The Company has not yet early adopted these standards and is assessing the impact upon the implementation of these standards and they are not expected to have a material impact.

3. RECEIVABLES

	March 31, 2015	December 31, 2014
Financial asset		
Other receivables (a)	<u>\$139</u>	<u>\$303</u>

a) Other receivables includes amounts from the Funder (Note 15) of \$129 (December 31, 2014: \$293) that were approved and receivable at March 31, 2015. Subsequent to March 31, 2015, this amount was received and paid for legal expenditures related to the arbitration.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2015	December 31, 2014
Financial liabilities (a)		
Accounts payable and accrued liabilities	\$47,652	\$47,879
Accrual for termination benefits	9,959	9,959
Accrual for interest on convertible loan (Note 7)	16,453	15,226
Due to related parties (Note 10)	5,074	4,967
	<u>\$79,138</u>	<u>\$78,031</u>

a) No accounts payable or accrued liability is identified as a non-financial liability.

5. DERIVATIVE FINANCIAL LIABILITY

In 2010 the Company received \$6,973 from a gold buyer, Vicolven Enterprises Inc. ("Vicolven"), which operates from Curacao, Netherlands Antilles. This payment represented full payment for the future delivery of 6,500 ounces of finished gold and the commitment to issue 12,400,000 share-purchase warrants. The Company was originally required to deliver the finished gold prior to January 11, 2011. During the year ended December 31, 2010, the transaction was amended for future delivery of 6,500 ounces of finished gold to occur over the six months ended June 2011. In exchange, the Company committed to deliver an additional 800 ounces of finished gold in July 2011. No gold has been delivered with respect to this contract. In February 2011, the Company paid Vicolven a portion of the amount owing in US dollars in lieu of delivery of 700 ounces (as permitted by Vicolven) for a total of \$711. In relation to the Company's commitment to issuing 12,400,000 share-purchase warrants, the \$330 value associated with these committed share-purchase warrants has been deducted from the \$6,973, resulting in a net amount of \$6,643.

On September 20, 2011, as a result of the Decree and proposed nationalization of the Company's Venezuelan gold mining assets by the government of Venezuela, a letter was written to the gold buyer, Vicolven Enterprises Inc., indicating that management no longer expects to settle the obligation with the delivery of finished gold as stated in the agreement. Instead, the Company will settle the outstanding, undelivered ounces of finished gold owing to Vicolven Enterprises Inc. in cash as permitted under the agreement with Vicolven.

On June 1, 2012, in relation to the Litigation Funding Agreement and the CSA, the Company signed an amendment with Vicolven whereby the Company agrees to pay interest of 11%, compounded annually, on the amount outstanding of 6,642 gold ounces. Interest will ultimately be payable in cash on the same terms as the original balance. Per the agreement, the interest payable was enacted retroactively to January 1, 2012.

RUSORO MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2015****(Expressed in thousands of US dollars, except per share amounts)****(Unaudited)**

Since the contract will be paid in cash in lieu of gold, and will no longer qualify for the own use exemption, it has been reclassified from deferred revenue to a derivative financial instrument. As of March 31, 2015, 9,479 (December 31, 2014 – 9,164) ounces of finished gold were still outstanding and valued at fair market value using the spot price of gold on March 31, 2015 of \$1.187 (December 31, 2014 - \$1.183) per ounce. Included in this amount is the principal amount of 6,642 gold ounces plus cumulative accrued interest of 2,837 (December 31, 2014 – 2,522) gold ounces for the period January 1, 2012 through March 31, 2015.

	Three months ended March 31, 2015	Year ended December 31, 2014
Balance, beginning of year	\$10,840	\$9,857
Change in fair value of principal	38	(143)
Fair value of interest expense	373	1,126
Balance, end of year / period	\$11,251	\$10,840

6. DECOMMISSIONING AND RESTORATION PROVISION

Decommissioning and restoration provisions are comprised of costs associated with environmental rehabilitation. These costs have been estimated based on the Company's interpretation of current regulatory requirements and have been measured at the net present value of future cash expenditures upon reclamation and closure using the information currently available.

Costs associated with decommissioning and restoration are capitalized depending on the nature of the asset related to the obligation and depreciated over the life of the asset. The decommissioning and restoration provision relates to reclamation and closure costs of the Company's operating Choco Mine and Isidora Mine, as well as to some of the exploration and development activities undertaken on the Company's mineral properties.

In view of the uncertainties concerning decommissioning and restoration, the ultimate cost of reclamation, remediation and closure activities could differ materially from the estimated amount recorded. The estimate of the Company's decommissioning and restoration provision is subject to change based on amendments to laws and regulations and as new information regarding the Company's operations becomes available.

Future changes, if any, to the provision as a result of amended requirements, laws, regulations, operating assumptions, estimated timing and amount of obligations may be significant and would be recognized prospectively as a change in accounting estimate. Any such change would result in an increase or decrease to the provision and a corresponding increase or decrease to the mineral property and/or property, plant and equipment balance(s).

	March 31, 2015	December 31, 2014
Balance, beginning of year	\$27,230	\$20,169
Change in estimate of future cash flows	-	7,061
Balance, end of period / year	\$27,230	\$27,230

Due to the expiry by force of the Decree and reversal to the Venezuelan government of all of the Company's mining concessions on March 14, 2012, the Company's decommissioning and restoration provision became an on-demand liability on that date as opposed to be payable in accordance with the Company's long-term closure plan. Consequently as at March 31, 2015 and December 31, 2014, decommissioning and restoration provision was classified as current.

The increase of \$7,061 during the year ended December 31, 2014 relates to an increase in expected inflation.

7. CONVERTIBLE LOAN

On June 10, 2008, the Company entered into an \$80,000 principal amount Convertible Loan (the "Loan") with a two year term and 10% annual interest to fund the acquisition of various Venezuelan mineral interests. During the years ended December 31, 2009 and 2010 the Company made various repurchases and restructured the Loan resulting in a reduced principal amount of \$30,000. During the year ended December 31, 2011 the conversion option expired and the Company defaulted on the Loan.

On June 14, 2012, the Company entered into the CSA with significant equity holders and creditors (the "Lenders") who agreed not to take any steps or actions to exercise their rights and remedies against the Company until the expiration of a standstill period, subject to various clauses. In consideration for the CSA the Lenders were provided a contingent success fee in addition to amounts due and payable to the Lenders under the Loan of 20% of the value of the Loan (Note 15).

	March 31, 2015	December 31, 2014
Liability component, beginning and end of year	<u>\$30,000</u>	<u>\$30,000</u>

As at March 31, 2015, the loan was still in default and outstanding and carried an amount owing of \$16,453 (December 31, 2014 - \$15,226) in accrued interest.

8. EQUITY

a. Authorized Share Capital of the Company

Unlimited number of common shares and preferred shares without par value.

b. Issued Capital

	Number of Shares (000)	Amount
Balance, December 31, 2014 and March 31, 2015	<u>532,621</u>	<u>\$736,385</u>

c. Share-based Payments

On September 9, 2013, the Company adopted a fixed share option plan available to its directors, officers, consultants and key employees. The option plan reserves for issuance, pursuant to the exercise of share options, a maximum of 53,250,000 common shares. Options are non-transferable and may have a term of up to 10 years from the date of issue. Amount of options, vesting terms, conditions and exercise price are determined by the board of directors at the time of grant.

There were no changes in options outstanding during the three months ended March 31, 2015.

RUSORO MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements**

March 31, 2015

(Expressed in thousands of US dollars, except per share amounts)

(Unaudited)



The following share options were outstanding and exercisable at March 31, 2015:

Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Options Outstanding (000)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Options Outstanding and Exercisable (000)	Weighted Average Exercise Price
C\$0.05	12,930	C\$0.05	8.79	12,930	C\$0.05
C\$0.14	8,650	C\$0.14	1.81	8,650	C\$0.14
C\$0.20	3,290	C\$0.20	5.43	3,290	C\$0.20
C\$0.60	11,000	C\$0.60	4.07	11,000	C\$0.60
C\$1.31 – C\$1.55	11,125	C\$1.31	3.24	11,125	C\$1.31
C\$2.12 – C\$2.30	4,550	C\$2.22	2.53	4,550	C\$2.22
\$3.00	1,500	C\$3.00	1.61	1,500	C\$3.00
	<u>53,045</u>	<u>C\$0.71</u>	<u>4.31</u>	<u>53,045</u>	<u>C\$0.71</u>

d. Share Purchase Warrants Issued

The company had no share purchase warrants outstanding as at March 31, 2015 or December 31, 2014.

9. RECOVERIES FROM LITIGATION FUNDING

	Three months ended March 31	
	2015	2014
Litigation costs	\$1,282	\$270
Recoveries	(1,282)	(270)
	<u>\$-</u>	<u>\$-</u>
General and administrative expense	\$362	\$166
Recoveries	(-)	(43)
	<u>\$362</u>	<u>\$123</u>

10. RELATED PARTY TRANSACTIONS**a. Subsidiaries**

As at March 31, 2015, the Company's subsidiaries and associates were as follows:

Name of Subsidiary	Location	Ownership
Asterville International Corporation AVV	Aruba	100%
Balandria Limited	British Virgin Islands	100%
Carisma Corporation AVV	Aruba	100%
Cerenex Financial AVV	Aruba	100%
Corporacion 80.000 C.A.	Venezuela	100%
Corporacion Aurifera de El Callao C.A.	Venezuela	100%
Corporacion Cabello Galvez C.A.	Venezuela	100%
Corporacion Minera 11-90 C.A.	Venezuela	100%
Corporacion Minera 410879 C.A.	Venezuela	100%

RUSORO MINING LTD.**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2015****(Expressed in thousands of US dollars, except per share amounts)****(Unaudited)**

Corporacion Minera 6560433 C.A.	Venezuela	100%
Corporacion Minera Choco 9 C.A.	Venezuela	100%
Corporacion Minera ECH1 C.A.	Venezuela	100%
Corporacion Minera ECH2 C.A.	Venezuela	100%
Corporacion Minera ECH3 C.A.	Venezuela	100%
Corporacion Minera ECH4 C.A.	Venezuela	100%
Corporacion Minera ECH5 C.A.	Venezuela	100%
Corporacion Minera Sor Teresita C.A.	Venezuela	100%
Cradock United Inc.	Panama	100%
Dotley Financial Corp.	Panama	100%
Drake-Bering Holdings BV	Netherlands	100%
El Callao Gold Mining Company	Delaware	100%
El Callao Gold Mining Company de Venezuela S.C.S.	Venezuela	50%
El Callao Holdings AVV	Aruba	100%
El Callao Holdings C.A.	Venezuela	100%
General Mining de Guayana C.A.	Venezuela	100%
Helvetia Corporation AVV	Aruba	100%
International Gold & Silver BV	Netherlands	100%
Inversiones Anseg C.A.	Venezuela	100%
Inversiones Fitzcarraldo C.A.	Venezuela	100%
Inversiones Goldwana C.A.	Venezuela	100%
Inversiones Mineras El Dorado SA	Panama	100%
Inversiones Vipago C.A.	Venezuela	100%
Inversiones Yuruan C.A.	Venezuela	100%
Inversora Maryate C.A.	Venezuela	100%
Inversora Tecnica de Minas C.A.	Venezuela	100%
Krysos Mining S.A.	Venezuela	100%
Lamin Laboreos Mineros C.A.	Venezuela	100%
Mena Resources Inc.	Canada	100%
Minera Rusoro Venezolana C.A.	Venezuela	50%
Minera Tapaya C.A.	Venezuela	100%
Minera Venrus C.A.	Venezuela	50%
Mineral Ecological Technology de Venezuela MET C.A	Venezuela	100%
Mineria MS C.A.	Venezuela	100%
Minoro Aruba AVV	Aruba	100%
Minplata Aruba AVV	Aruba	100%
Promotora Minera de Guayana, P.M.G., S.A.	Venezuela	95%
Promotora Minera de Venezuela S.A.	Venezuela	100%
Prospecciones Mineras Prominca C.A.	Venezuela	100%
Proyectos Mineros del Sur, (PROMINSUR), C.A.	Venezuela	100%
Racal Investments AVV	Aruba	100%
Representaciones Carson Gold Int C.A.	Venezuela	100%
Right Angle Corporation AVV	Aruba	100%
Rusoro MH Acquisition	Canada	100%
Rusoro Mining de Venezuela C.A.	Venezuela	100%
Rusoro Mining (Panama) Inc.	Panama	100%
Tombstone Aruba AVV	Aruba	100%
Tombstone Exploracion de Mexico	Mexico	100%
Tombstone Nevada Inc.	Nevada	100%
Triway Corporation AVV	Aruba	100%
Valet Corporation AVVV	Aruba	100%
Venezuela Holdings (BVI) Ltd	British Virgin Islands	100%
Vicenza Corporation AVV	Aruba	100%

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Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company (including its subsidiaries) and other related parties are disclosed below.

b. Related Party Transactions

The nature of transactions undertaken and the relationships with related parties of the Company are as follows:

	Relationship with the Company	Nature of Transactions
Company A	An officer/director of the Company and a director of the Company are also an officer and director, respectively, of Company A.	Machinery and facilities rental and provision of general mining-related services.
Company B	A director of the Company is also a partner of Company B.	Provision of legal services.
Company C	A director of the Company is also an officer of Company C.	Provision of corporate administrative services.

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses and transactions with related parties have been measured at the price agreed between the parties, which are determined on a cost recovery basis.

	Notes	Three months ended March 31	
		2015	2014
Provision of corporate administrative services	(a)	\$20	\$25
		<u>\$20</u>	<u>\$25</u>

a) Included in general and administrative expenses are professional fees paid to Company C for \$20 for the three months ended March 31, 2015 (three months ended March 31, 2014: \$25), related to corporate administrative services.

Included in accounts payable and accrued liabilities (Note 4) are amounts due to Company A, B, and C for \$522 (December 31, 2014: \$522). These amounts are unsecured, due on demand and non-interest bearing.

Included in accounts payable and accrued liabilities (Note 4) is \$537 (December 31, 2014: \$528) owed to the CEO of the Company and a company owned by the CEO of the Company, and \$150 (December 31, 2014: \$150) owed to a director of the Company for a non-interest bearing loan with no fixed maturity date. These loans are to be repaid with a contingent success fee upon successful completion of the litigation. As at March 31, 2015, litigation success is deemed to be indeterminable and \$nil has been accrued for the contingent success fee.

11. CAPITAL MANAGEMENT DISCLOSURES

The Company's capital management objectives are to safeguard the Company's ability to support its normal business requirements which mainly consist of its efforts to reach a compensation agreement with the Venezuelan government or an arbitration award before ICSID for the expropriation of its assets in Venezuela as a result of the Nationalization. In the management of capital, the Company includes the components of shareholders' equity (deficiency) excluding non-controlling interests, plus convertible loan, less cash.

As at March 31, 2015, capital, as defined above was a deficit of \$162,637 (December 31, 2014 - deficit of \$160,571).

The Company manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage its capital requirements, the Company plans its funding needs in advance to ensure the Company has liquidity to meet its objectives.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2015	2014
CHANGES IN NON-CASH WORKING CAPITAL ITEMS		
Receivables	\$164	\$6
Prepaid expenses and deposits	-	(4)
Accounts payable and accrued liabilities	120	28
	<u>\$44</u>	<u>(\$30)</u>

13. SEGMENTED INFORMATION

The Company's reportable operating segments for the three months ended March 31, 2015 and 2014 includes corporate results in Canada and Venezuela as the Company ceased to operate in Venezuela as a result of the Nationalization (Note 1).

	Three months ended March 31, 2015		
	Venezuela	Canada	Total
Revenues	\$ -	\$ -	\$ -
General and administrative	(188)	(174)	(362)
Foreign exchange gain	-	145	145
Interest on convertible loan	-	(1,227)	(1,227)
Interest on gold sale contract	-	(384)	(384)
Loss on revaluation of gold sale contract	-	(27)	(27)
Net and comprehensive loss	<u>\$ (188)</u>	<u>\$ (1,667)</u>	<u>\$ (1,855)</u>
Capital asset expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	Venezuela	Canada	Total
Revenues	\$ -	\$ -	\$ -
General and administrative	(44)	(79)	(123)
Foreign exchange gain	-	95	95
Interest on convertible loan	-	(1,101)	(1,101)
Interest on gold sale contract	-	(437)	(437)
Loss on revaluation of gold sale contract	-	(528)	(528)
Net and comprehensive income	\$ (44)	\$ (2,050)	\$ (2,094)
Capital asset expenditures	\$ -	\$ -	\$ -

The Company's geographic segment information is as follows:

March 31, 2015

	Venezuela	Canada	Total
Assets			
Current assets	\$-	\$158	\$158
Liabilities			
Current liabilities	\$103,380	\$49,066	\$152,446

December 31, 2014

	Venezuela	Canada	Total
Assets			
Current assets	\$187	\$308	\$495
Liabilities			
Current liabilities	\$103,380	\$47,548	\$150,928

14. JOINT OPERATION

On July 4, 2008, the Company entered into an agreement ("the Mixed Enterprise Agreement") with MIBAM to create a mixed enterprise. Pursuant to the Mixed Enterprise Agreement, Minera Venrus C.A. ("Venrus C.A."), a Venezuelan corporation was incorporated on December 23, 2008, and is 50% owned by the Company and 50% owned by Empresa de Producción Social Minera Nacional, C.A. (a Venezuelan government entity). Up to March 14, 2012, the Company conducted a portion of its business through this joint operation under which the joint operation participants are bound by the articles of incorporation of Venrus C.A. The Company recorded its 50% proportionate share of assets, liabilities, revenues, and operating costs of the joint operation. Due to the Decree on September 16, 2011, the Company lost its mining concessions operated by the joint operation hence the Company lost any control or influence over the management of the operations of Venrus C.A.

The following details the Company's share of its investment in the joint operation that has been proportionately consolidated:

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	March 31, 2015	December 31, 2014
Liabilities		
Current liabilities	<u>\$16,484</u>	<u>\$16,484</u>

15. COMMITMENTS AND CONTINGENCIES

a. Commitments

The Company has no general and administrative commitments as at March 31, 2015.

b. Contingencies

i. Gold Reserve Lawsuit

On September 25, 2012, the Company obtained an order from the Ontario Superior Court of Justice dismissing the legal action brought by Gold Reserve against the Company, and the counterclaim brought by the Company against Gold Reserve. On October 11, 2012 the Company paid \$255 (C\$250) cash to Gold Reserve and the Company issued common shares with a value of C\$100 (2,500,000 common shares at fair value of C\$0.04 per share).

The Company also issued a conditional promissory note in the amount of C\$1,000 as required per the Settlement. The promissory note will only become due and payable in the event that the Company is successful in the litigation it has commenced against the Venezuelan government seeking compensation for the Nationalization. The promissory note and any payment due under it shall be subordinate and postponed in right of payment to (a) the rights of the Funder as defined in the Creditors and Shareholders Agreement dated June 14, 2012, and a Litigation Funding Agreement dated May 8, 2012, and (b) the rights of the Funder and Freshfields Bruckhaus Deringer US LLP under a Priorities Agreement dated June 14, 2012. No value has been accrued for the promissory note as at December 31, 2014, as litigation success is deemed indeterminable.

ii. Non-compliance

During June 2010, the Company entered into transactions in the normal course of operations that were not in compliance with certain Venezuelan laws and regulations. As a result of this non-compliance, the Company may be subject to fines to a maximum of \$19,600 and/or denial of the Company's ability to generate revenues. No amount has been accrued in these consolidated financial statements in connection with this matter since the outcome cannot be determined at this time. Also, based on the information currently available, an estimate of financial impact cannot be reasonably made.

iii. Other Matters

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favor, the Company does not currently believe that the outcome of adverse decisions in any pending or threatened proceedings related to these and other matters or any amount which it may be required to pay by reason thereof would have a material impact on its consolidated statement of financial position, statement of comprehensive income (loss) or statement of cash flows. Based on the information currently available, estimates of financial impact cannot be reasonably made.

iv. Litigation Funding Agreement

Under the terms of the privileged Litigation Funding Agreement, the Company has given certain warranties and covenants to the Funder. In consideration for the provision of arbitration financing, Rusoro has agreed

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to pay to the Funder a portion of any final settlement of the arbitration claim against the Respondent (the "Funder's Fee"). The Funder's Fee shall only become payable upon a final settlement of the arbitration claim and the value of the Funder's Fee is dependent upon a number of variables including the value of any settlement and the length of time taken to reach a settlement. The agreement also provides that the amount of the Funder's Fee shall not exceed the amount of the aggregate proceeds of the arbitration claim under any circumstances.

For the three months ended March 31, 2015, the Funder had approved \$1,282 (March 31, 2014: \$313) in payments to the Company and its vendors which are net against the respective expenses on the Statements of Comprehensive Loss (see Note 9 for details of funding recoveries). Of this balance, \$129 (December 31, 2014: \$293) was receivable at the end of the period and was subsequently received. As at March 31, 2015, litigation success is deemed to be indeterminable and \$nil has been accrued for the Funder's Fee.

v. Contingent Success Fees

In addition to the Litigation Funding Agreement the Company has also provided contingent success fees to select stakeholders, including the Lenders of the Convertible Loan and the board of directors and management of the Company, in consideration for their discounted services or forgiveness of select obligations. The terms, clauses, and priority of the contingent fee agreements are varied, but generally provide each party a contingent success fee based on successful outcome of the litigation. Management estimates the aggregate potential exposure related to these contingent success fees will not exceed 15% of the potential award. As at March 31, 2015 litigation success is deemed to be indeterminable and \$nil has been accrued.

vi. Trust and Contribution Agreements

The Company is a party to a trust agreement and a contribution agreement whereby it has agreed to pay to a trust established for members of management and the executive committee of the board of directors, a success fee upon the completion of a transaction or series of transactions. For the purposes of the contribution agreement, a "Transaction" is defined as: (a) any merger, consolidation, reorganization, recapitalization, restructuring, leveraged buyout, business combination, or any transaction pursuant to which the Company is acquired by or combined with a third party; or (b) the acquisition by a third party of any assets or operations of the Company, or any outstanding shares of the Company; or (c) a sale or spin-off of any material assets, of 5% or more of the capital stock of any subsidiary of the Company, or any transaction which has the effect of altering the capitalization of the Company. Where a change in control accompanies the Transaction, the success fee will be equal to 1% of the aggregate transaction value as defined in the contribution agreement. If the Transaction involves the acquisition of less than 50% of the voting power of the then outstanding Company's shares, then the success fee will be equal to 0.5% of the aggregate transaction value. As at March 31, 2015 none of the Transaction criteria had been met and \$nil had been paid to the Trust.

On October 9, 2012, the Company entered into a trust agreement and a contribution agreement whereby it has agreed to pay to a trust established for the board of directors and management of the Company a success fee if the Company is successful in legal proceedings (the "Proceedings") it has commenced against the Venezuelan Government to obtain compensation for the nationalization of the Company's gold assets in Venezuela.

If the Company is successful in the Proceedings, the success fee will be equal to 2% of the proceeds received by the Company in respect of the Proceedings. The trustees (the "Trustees") for the trust are independent directors and members of the compensation committee of the board of directors. The Trustees are empowered to allocate the success fee amongst the board of directors and management of the Company as they deem appropriate. As at March 31, 2015 none of the Proceedings criteria had been met and \$nil had been paid to the Trust.

16. FINANCIAL INSTRUMENTS

a. Financial Assets and Liabilities

The Company's financial instruments consist of the following: cash, receivables, accounts payable and accrued liabilities, a convertible loan and a gold delivery contract (Note 6).

The carrying amounts of cash, receivables and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments. The gold delivery contract is marked to market at each reporting period based on the current spot price of gold and the number of gold ounces owing to the gold buyer (Note 6), and as such, is a reasonable approximation of the fair value. Management reviewed all significant financial instruments held by the Company and determined that no significant differences between fair value and carrying value existed as at March 31, 2015.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Financial liabilities at fair value as at March 31, 2015:

	Level 1	Level 2	Level 3	Total
Derivative financial liability – Gold delivery contract	\$-	(\$11,251)	\$-	(\$11,251)
Balance, March 31, 2015	\$-	(\$11,251)	\$-	(\$11,251)

Financial liabilities at fair value as at December 31, 2014:

	Level 1	Level 2	Level 3	Total
Derivative financial liability – Gold delivery contract	\$-	(\$10,840)	\$-	(\$10,840)
Balance, December 31, 2014	\$-	(\$10,840)	\$-	(\$10,840)

b. Financial Instrument Risk Exposure

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous period as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures are described below.

i. Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Management does not believe the Company is exposed to any significant concentration of credit risk. Management determines concentration by the percentage of cash and receivables owed by a single party.

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The Company's exposure to credit risk on its C\$ and US dollar cash is limited by maintaining these assets with high credit quality financial institutions. The Company is exposed to the credit risk of Venezuelan banks, which hold cash for the Company's Venezuelan operations. The Company limits its exposure to this risk by maintaining BsF cash balances to fund only the short-term needs of its Venezuelan subsidiaries.

The Company's maximum exposure to credit risk is as follows:

	March 31, 2015	December 31, 2014
Cash and cash equivalents	\$19	\$192
Receivables	139	303
	<u>\$158</u>	<u>\$495</u>

ii. Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its obligations associated with financial liabilities as they fall due. The Company manages liquidity risk by monitoring cash and other financial resources available to meet its maturing obligations.

The table below provides a summary of the contractual obligations and payments related to financial liabilities included in the consolidated statement of financial position as at March 31, 2015, all of which are current. The amounts disclosed are the contractual undiscounted cash flows.

Accounts payable and accrued liabilities	\$52,726
Interest on convertible loan	16,453
Convertible loan	30,000
Accrual for termination benefits	9,959
Derivative financial liability	11,251
	<u>\$120,389</u>

iii. Market Risk

(a) Interest Rate Risk

Interest rate risk is the risk that the future cash flows and fair values of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company monitors its fair value exposure to interest rates and is comfortable with its exposure given the relatively short term of its convertible loan. As at March 31, 2015, a 1% increase in interest rates would decrease the fair value of convertible loan by \$nil and a 1% decrease in interest rates would increase the fair value of the convertible loan by \$nil, as the convertible loan is in default and is due immediately.

(b) Currency Risk

Currency risk is the risk that the value of the Company's financial instruments will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk as the Company's financial assets and liabilities include items denominated in BsF and C\$.

Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange gains or losses recognized in profit or loss. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's Venezuelan operations and cash holdings are currently subject to currency and exchange controls. These government-imposed controls may adversely affect the Company as such controls limit the Company's ability to flow US dollars out of the country for US dollar operating and capital expenditures.

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As at March 31, 2015, the Company holds cash of nil (December 31, 2014: \$187) in BsF and cash of \$19 (December 31, 2014: \$5) in C\$.

	March 31, 2015	
	25% Increase in the BsF	25% Decrease in the BsF
Net (loss) profit	(\$17,824)	\$14,259
	10% Increase in the C\$	10% Decrease in the C\$
Net (loss) profit	\$2	(\$2)

17. EARNINGS PER SHARE

The computation and reconciliation of basic and diluted earnings per share for the three months ended March 31, 2015 and 2014 are as follows:

	Three months ended March 31	
	2015	2014
Net income (loss) used for basic and diluted EPS	<u>(\$1,855)</u>	<u>(\$2,094)</u>
Weighted average number of shares outstanding (000)	532,621	532,621
Weighted average number of shares for diluted EPS (000)	<u>532,621</u>	<u>532,621</u>
Basic and diluted profit (loss) per share	<u>(\$0.00)</u>	<u>(\$0.00)</u>

For purposes of computing diluted earnings per share, convertible debt and stock options that would have an anti-dilutive effect on the calculation of diluted earnings per share are excluded from the calculation. For the three months ended March 31, 2015, 53,045,000 (March 31, 2014: 53,045,000) share options were excluded from the diluted earnings per share calculation.