PARA RESOURCES INC.
(Formerly Kensington Court Ventures Inc.)

Condensed Interim Consolidated Financial Statements
(Unaudited – expressed in Canadian Dollars)

For the Three and Nine Months Ended May 31, 2014 and 2013

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), 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 have been prepared by and are the responsibility of the management.

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

Para Resources Inc.
(Formerly Kensington Court Ventures Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

	Notes	May 31, 2014 $	August 31, 2013 $
ASSETS			
Current assets			
Cash		16,650	4,652
GST receivable		15,086	59,031
		31,736	63,683
Non-current asset			
Exploration and evaluation assets	4	377,932	62,086
TOTAL ASSETS		409,668	125,769
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		176,822	97,155
Due to related parties	6	1,161,377	273,187
		1,335,199	370,342
Non-current liabilities			
Due to related parties	6	-	472,859
TOTAL LIABILITIES		1,335,199	843,201
EQUITY			
Share capital	5	1,480,908	1,480,908
Share option and warrant reserve		217,518	217,518
Contribution reserve		3,146,108	3,146,108
Deficit		(5,798,252)	(5,510,578)
Other comprehensive (loss) income		28,187	(51,388)
TOTAL EQUITY		(925,531)	(717,432)
TOTAL LIABILITIES AND EQUITY		409,668	125,769

Para Resources Inc.
(*Formerly Kensington Court Ventures Inc.)*
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended May 31, 2014 and 2013
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended May 31 2014 $	Three months ended May 31 2013 $	Nine months ended May 31 2014 $	Nine months ended May 31 2013 $
Expenses					
Consulting	6	30,000	40,000	90,000	100,000
Office and miscellaneous	6	5,582	16,324	33,981	31,831
Professional fees	6	30,167	15,444	80,982	128,067
Regulatory and other filing fees		3,974	2,898	19,950	17,810
Salaries and wages		-	-	-	10,722
Shareholder communication and promotion		-	20,052	-	88,411
Loss before other items		69,723	94,718	224,913	376,841
Interest Income		-	1	-	(45)
Interest Expense		25,869	-	62,761	-
Impairment of mineral property		-	115,121	-	2,985,415
Net loss for the period		95,592	209,840	287,674	3,362,211
Other Comprehensive Loss					
Loss (gain) on foreign translation		(39,624)	119,987	(79,575)	107,202
Net Loss and Comprehensive Loss for the period		**55,968**	**329,827**	**208,099**	**3,469,413**
Basic and Diluted Loss per Common Share		(0.02)	(0.06)	(0.05)	(0.60)
Weighted Average Number of Common Shares Outstanding		5,611,600	5,611,600	5,611,600	5,611,600

Para Resources Inc.
(*Formerly Kensington Court Ventures Inc.)*
Consolidated Statements of Changes in Equity
For the Three and Nine Months Ended May 31, 2014 and 2013
(Unaudited - expressed in Canadian Dollars)

	Share Capital						
	Number of Shares	Amount	Share Option and Warrant Reserve	Contribution Reserve	Deficit	Other Comprehensive Income	Total Equity
		$	$	$	$	$	$
Balance as at August 31, 2012	5,611,600	1,480,908	217,518	3,146,108	(2,119,937)	15,903	2,740,500
Net loss for the period	-	-	-	-	(3,152,371)	-	(3,152,371)
Other comprehensive loss for the period	-	-	-	-	-	(8,187)	(8,187)
Balance, May 31, 2013	5,611,600	1,480,908	217,518	3,146,108	(5,272,308)	7,716	(420,058)
Net loss for the period	-	-	-	-	(238,270)	-	(238,270)
Other comprehensive loss for the period	-	-	-	-	-	(59,104)	(59,104)
Balance as at August 31, 2013	5,611,600	1,480,908	217,518	3,146,108	(5,510,578)	(51,388)	(717,432)
Net loss for the period	-	-	-	-	(287,674)	-	(287,674)
Other comprehensive income for the period	-	-	-	-	-	79,575	79,575
Balance as at May 31, 2014	5,611,600	1,480,908	217,518	3,146,108	(5,798,252)	28,187	(925,531)

Para Resources Inc.
(Formerly Kensington Court Ventures Inc.)
Condensed Interim Consolidated Statements of Cash Flows
For the Three and Nine Months Ended May 31, 2014 and 2013
(Unaudited - expressed in Canadian Dollars)

	2014 **$**	**2013** **$**
OPERATING ACTIVITES		
Net Loss for the period	(287,674)	(3,153,423)
Unrealized foreign exchange gain (loss)	-	(17,958)
Foreign currency translations	-	(123,105)
Impairment of mineral property	-	2,985,415
Changes in non-cash working capital items:		
GST Receivable	43,945	(3,811)
Prepaid expenses	-	86,472
Accounts payable and accrued liabilities	79,667	142,977
Due from related parties	23,485	(246,202)
	(140,577)	(538,432)
FINANCING ACTIVITIES		
Loans from related parties	400,108	443,816
Repayment of loans from related parties	(11,262)	-
	388,846	443,816
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(289,906)	109,200
	(289,906)	(109,200)
Foreign exchange effect on cash	53,645	-
INCREASE (DECREASE) IN CASH DURING THE PERIOD	11,998	14,593
CASH, BEGINNING OF THE PERIOD	4,652	11,898
CASH, END OF THE PERIOD	16,650	26,491

1. NATURE OF OPERATIONS AND GOING CONCERN

Para Resources Inc. (formerly Kensington Court Ventures Inc.) is the parent company of its consolidated group [the "Company"] and was incorporated on April 13, 2010 under the Business Corporations Act (British Columbia). The Company was a capital pool company pursuant to the policies of the TSX Venture Exchange ("Exchange"). On April 30, 2012 the Company completed its Qualifying Transaction by acquiring all of the issued and outstanding shares of Angra Metals Mineração Ltda. (previously named Stronghold Brasil Mineracao Ltda) ["ANGRA"] from Eagle Mountain Gold Corp. [formerly Stronghold Metals Inc.and now Goldsource Mines Inc.] after obtaining approval from the Exchange. Effective May 2, 2012 the Company was classified as a Mineral Exploration and Development company and is currently listed on the Exchange under the trading symbol "PBR"

The Company's principal business activity is the acquisition, exploration and development of mineral properties.

The registered office of the Company is 1000 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7C 1S8 and its head office is 654-999 Canada Place, Vancouver, British Columbia, V6C 3E1.

The condensed interim consolidated financial statements were prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development and to place these properties into production, renewal of underlying titles to the mining properties and/or future proceeds from the disposition thereof.

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

The Company has not yet generated income or cash flows from operations. As at May 31, 2014, the Company had an accumulated deficit of $5,798,252 (August 31, 2013 – $5,510,578). For the nine months ended May 31, 2014, the Company incurred a loss of $208,099 (2013 - $3,469,413) and negative cash flow from operations amounting to $140,577 (2013 – $538,432). The Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program and to meet its future option payment obligations and all of its general and administrative costs. Management intends to raise additional necessary financing through the issuance of common shares. There is no assurance that the Company will be successful in raising the additional required funds.

Although these condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, the above noted conditions raise significant doubt regarding the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended August 31, 2013 except as outlined in Note 3. These financial statements were approved by the board of directors for use on July 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

- IFRS 7 *"Financial Instruments : Disclosures"*
- IFRS 10 *"Consolidated Financial Statements"*
- IFRS 11 *"Joint Arrangements"*
- IFRS 12 *"Disclosure of Interests in Other Entities"*
- IFRS 13 *"Fair Value Measurement"*
- IAS 19 *"Employee Benefits"* amendment
- IAS 32 "*Financial Instruments: Presentation"* amendment

The following standard has been issued but not yet applied:

- In the annual period beginning September 1, 2018, the Company will be required to adopt IFRS 9, *Financial Instruments*, which is the result of the first phase of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Management is currently evaluating the impact that this standard will have on the consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

Tucumã gold project:

The Company owns a 100% interest in the Tucumã copper/gold exploration project, which consists of six mineral concessions covering a total of 11,456 hectares located in the Carajas metallogenic province in the State of Pará, Brazil. The annual fees for the concessions are approximately $13,000. Prior to a concession expiring, the Company must present to the authority a technical report on the concession, which serves a basis for determining a renewal.

(Unaudited - expressed in Canadian Dollars)

	May 31, 2014	August 31, 2013
	$	$
Acquisition Cost		
Balance, beginning of period	1	818,327
Addition, during the period	-	-
Impairment charge	-	(818,326)
Balance, end of the period	1	1
Deferred Exploration Costs		
Balance, beginning of the period	62,085	1,894,675
Addition during the period		
Assays	4,026	9,892
Consulting	136,784	91,733
Field supplies	67,817	78,060
Miscellaneous	-	24,743
Project administration	45,199	49,805
Report	-	31,502
Rent	-	25,742
Transportation and travelling	-	4,992
Vehicle expenses	36,079	1,265
Foreign exchange on mineral property	25,940	(96,311)
Total additions during the period	315,846	221,423
	377,931	2,116,098
Impairment	-	(2,054,013)
Balance, end of the period	**377,932**	**62,086**

The environment for raising exploration capital for junior exploration companies, especially for those exploring for gold, has become very difficult. Gold's slide in price has caused markets to punish those companies with early stage exploration projects. It is almost impossible to raise the amount of money that would be needed to continue the diamond drilling program that was started on Tucuma. The results of the earlier program were successful in that we identified mineralized zones but we missed the targets because we subsequently drilled in the wrong direction. The Company continues to believe that there is a viable resource at Tucuma but cannot at this time implement an appropriate drilling program for hard rock exploration. As at February 28, 2013 Management had made the decision not to conduct any further exploration and development on the Tucuma Property and as a result, in accordance with IAS 36 and IFRS 6, the Company wrote down the Exploration and Evaluation Assets for hard rock resource to a nominal value.

5. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued and fully paid

During the nine months ended May 31, 2014 no shares were issued. On March 10, 2014 the Company completed a share consolidation on a 5:1 basis. The Company's warrants and options were also consolidated on a 5:1 basis. All historical figures have been re-stated to reflect this consolidation.

There was a change in control event that took place during the year ended August 31, 2013.

On April 16, 2013, the Company and Eagle Mountain Gold Corp.(now Goldsource Mines Inc.) announced that Lake Forest Development Corp. a company wholly owned by the Company's CEO, agreed to acquire 2.96 million shares of the Company owned by Eagle Mountain in consideration of:

- A cash payment to Eagle Mountain in the amount of $50,000.
- An assignment by Lake Forest to Eagle Mountain of a loan in the amount of $150,000 (the "Assigned Loan") owed by the Company to Lake Forest. The Company agreed that in the event it sells, joint ventures or farms out its Tucumã mineral property located in Para State, Brazil (the "Property"), whether by option, sale or other disposition of either the Property or the quotas of ANGRA, (collectively the "Disposition"), then it shall pay out the Assigned Loan from any proceeds of Disposition in preference to and priority over and exclusion of any other debt.
- The parties have also agreed that in the event the proceeds of Disposition are in excess of the sum of $250,000 in cash, shares or other consideration (the "Additional Consideration"), the Company and Eagle Mountain shall be entitled to share 50% of such Additional Consideration, provided however that in the event the Company spends funds on exploration and development of the Property, then any such funds shall be deducted from the Additional Consideration and repaid to the Company prior to the joint payout of the Additional Consideration.

The total number of Kensington shares purchased by Lake Forest represents approximately 52.75% of Kensington's current issued and outstanding shares. The Kensington shares transferred to Lake Forest were made up of 815,000 free trading shares and 2,145,000 shares transferred in to escrow. Lake Forest's CEO was also a director of Eagle Mountain Gold Corp at the time of the transaction. The effect of the above transaction is that Lake Forest took over as the Company's control person from Eagle Mountain.

Stock options

The Board of Directors of the Company may, from time to time, at its discretion, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent of the issued and outstanding common shares exercisable for a period not to exceed five years from the Company's listing date. The options may be cancelled after the Company has entered into a Qualifying Transaction at the later of 12 months after the Qualifying Transaction and 90 days after the optionee ceases to be a director, officer, or technical consultant. The following is a continuity schedule of outstanding options for the reporting period.

(Unaudited - expressed in Canadian Dollars)

The Company's stock options outstanding as at May 31, 2014 and August 31, 2013 and the changes for the periods then ended are as follows:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Balance August 31, 2012	383,100	0.74	3.82
Balance, outstanding and exercisable – August 31, 2013 and May 31, 2014	383,100	0.74	3.07

Stock options outstanding and exercisable at May 31, 2014 are as follows:

Number of Options	Exercise Price $	Expiry Date
8,100	0.50	December 24, 2015
375,000	0.75	July 10, 2017
383,100		

Warrants

The Company's warrants outstanding as at May 31, 2014 and August 31, 2013 and the changes for the periods then ended are as follows:

	Number of Warrants	Exercise Price $
Balance August 31, 2012	937,400	1.00
Issued	-	-
Expired	(58,400)	0.50
Balance, August 31, 2013 and May 31, 2014	879,000	0.98

Warrants outstanding as at May 31, 2014 were as follows:

Outstanding Warrants	Exercise Price $	Expiry Date
800,000	1.00	April 30, 2015
79,000	0.75	April 30, 2015
879,000		

Weighted average remaining contractual life is 0.92 years.

(Unaudited - expressed in Canadian Dollars)

Escrowed shares

The 2,960,000 common shares originally issued by the Company to Eagle Mountain Gold Corp. are held in escrow. Under the terms of the escrow agreement, 10% of the escrowed common shares were be released from escrow following issuance of the final exchange bulletin upon completion of the Qualifying Transaction, and 15% will be released every six months thereafter over a period of thirty six months. As at May 31, 2014, 738,000 common shares remained in escrow.

6. RELATED PARTY TRANSACTIONS

All amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment. The Company paid or accrued remunerations to its directors and officers during the three and nine months ended May 31, 2014 and 2013 are as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Accounting fees paid to company controlled by an officer	-	2,745	-	35,280
Accounting fees paid to a company controlled by common director and officer	-	(750)	-	750
Rent paid to a company controlled by common directors	-	(2,285)	-	12,522
Consulting fees paid to a director	30,000	40,000	90,000	100,000
Administrative fees paid to a company controlled by a director	7,500	7,500	22,500	12,500
	37,500	47,210	112,500	161,052

As at May 31, 2014, $192,130 (August 31, 2013 - $ 150,968) was owing to a director and a private company controlled by him, and $19,199 (August 31, 2013 - $19,199) to was owing to Eagle Mountain Gold Corp., a company with common directors and officers.

As at May 31, 2014, loans totaling $795,913 (August 31, 2013 - $358,433) were due to a director, a private company which he is a director of, and a private company controlled by him, and $178,134 (August 31, 2013 - $164,441) was due to Eagle Mountain Gold. Loans amounting to 38,753 are unsecured and non-interest bearing and loans amounting to $935,295 bear an interest rate of 1% per month compounded monthly all with a due date December 31, 2014.

(Unaudited - expressed in Canadian Dollars)

7. SEGMENTED DISCLOSURE

Operating segment:

The Company has one operating segment, being the acquisition, exploration and evaluation of mineral properties.

Geographic segment:

The Company's assets and liabilities as at May 31, 2014 and August 31, 2013 and the Company's expenses by geographic area for the period ended May 31, 2014 are as follows:

	May 31, 2014		
	Brazil	Canada	Total
	$	$	$
Current assets	16,187	17,238	31,736
Exploration and evaluation asset	377,932	-	377,932
Total assets	394,119	17,238	409,668
Current liabilities	2,064	1,333,134	1,335,199
Total liabilities	2,064	1,333,134	1,335,199
Expenses	-	224,913	224,913
Other expenses	-	62,761	62,761
Net loss	-	287,674	287,674

The Company's assets, liabilities, expenses by geographic area as at and for the year ended August 31, 2013 were as follows:

	August 31, 2013		
	Brazil	Canada	Total
	$	$	$
Current (liabilities) assets	(1,175)	64,858	63,683
Exploration and evaluation asset	62,086	-	62,086
Total assets	60,911	64,858	125,769
Current liabilities	(1,386)	371,727	370,341
Non-current liabilities	-	472,860	472,860
Total liabilities	(1,386)	844,587	843,201
Expenses	36,025	460,735	496,760
Other expenses	-	2,893,881	2,893,881
Net loss	36,025	3,354,616	3,390,641

8. SUBSEQUENT EVENTS

- Lake Forest Development, the Company's largest shareholder is committed to providing additional loans to provide adequate working capital, since May 31, 2014 Lake Forest Development has loaned an additional $122,200
- The Company announced that it intends to conduct a private placement of $300,000 consisting of up to 4,285,715 units at a price of $0.07 per unit. There is no minimum for the Private Placement. Each unit consists of one common share of the Company and one half of one transferable share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company for a period of two years at a price of $0.10 per common share. The warrants will have an acceleration provision pursuant to which the term of the warrants shall automatically be reduced to 30 business days in the event the closing weighted average price of the Company's common shares is $0.75 or more for 10 consecutive trading days. The Private Placement will be conducted in reliance upon certain prospectus exemptions, including the exemption allowing issuers to raise capital by distributing securities to existing security holders (known as the "Existing Shareholder Exemption").

  This offer is available to all shareholders who held our common shares on July 7, 2014.

  Jordan Capital Markets Inc. (the "**Agent**") has been engaged by the Company to act as the placement agent for the Private Placement. The Private Placement will be supported by the Agent pursuant to terms of a standby commitment agreement to be entered into on or before closing, pursuant to which the Agent will agree to sell on a guaranteed basis, all Units not otherwise acquired under the Private Placement by existing security holders to other exempt purchasers. The Company and Agent will enter into an agency agreement incorporating standard terms for transactions of this type, including a "disaster-out" clause. It is proposed that existing security holders will be given 2 weeks from the record date to confirm their subscriptions.

  The net proceeds of the Private Placement will be used to pay for offering expenses and for general working capital purposes. Assuming the Private Placement is fully subscribed, the Company intends to allocate the net proceeds as follows: offering expenses $25,000 and the balance to provide general working capital. While the Company currently anticipates that it will use the net proceeds as described, it may re-allocate the net proceeds from time to time depending upon factors in effect at such time including prevailing market conditions.

  In connection with the Private Placement, the Company will pay the Agent a 8% commission and issue the Agent a warrant (the "**Agent's Option"**) equal to 25% of the $300,000 raised, subject to the approval of the TSX Venture Exchange (the "**Exchange**"). Each Agent's Option will be exercisable to acquire a share of the Company at a price of $0.10 per share for a period of two years from the date of issuance.

  If the aggregate subscriptions for Units under the Private Placement exceed the maximum number of Units proposed to be distributed, subscriptions will be accepted in whole or in part at the discretion of the Company.

  The Units will be subject to a four month and a day hold period in accordance with the policies of the Exchange and applicable securities laws. The Private Placement remains subject to the approval of the Exchange.

- The Company also announces that it has made arrangements to settle an aggregate of $1,016,989.17 in current debt (the "**Debt**") owed to creditors, subject to the approval of the Exchange (the "**Debt Settlement**").

  The Company intends to settle the Debt by issuing an aggregate of 14,528,417 units (each a "**Debt Unit**") at a price of $0.07 per Debt Unit, each Debt Unit having the identical terms as the Units. All securities issued to settle the

Debt will be subject to four month and a day hold period and the issuance of the Debt Units will be subject to Exchange approval. $837,073.46 of the Debt is owed to a Non-Arm's Length party for loans made to the Company and interest thereon.

A portion of the Debt Settlement is a "related party transaction" under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). There has been no formal valuation of the Company or its assets to date, as there has not yet been any necessity to do so. The Debt Settlement is a transaction that is exempt from the formal valuation requirements under Section 5.4 of MI 61-101 pursuant to Subsections 5.5(b) of MI 61-101 because no securities of the Company are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

The Debt Settlement is a transaction that is exempt from the minority approval requirements under Section 5.6 of MI 61-101 pursuant to Subsections 5.7(1)(e) of MI 61-101 Financial Hardship, which provides an exemption where the financial hardship criteria set out in Subsection 5.5(g) of MI 61-101 are met and where there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities.

- The Company continues to work on investigating the possibility of conducting a small scale mining operation on the Tucuma property, and at the same time has commenced the search for additional mineral projects in South America that have similar characteristics as Tucuma. If the Company is successful with completing the aforementioned private placement and debt settlement, it aims to add to its portfolio of properties in South America.