

PARA RESOURCES INC.

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

For the Three Months Ended November 30, 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.**Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)**

		November 30, 2014	August 31, 2014
	Notes	\$	\$
ASSETS			
Current assets			
Cash		18,663	83,153
GST receivable		24,088	20,819
		42,751	103,972
Non-current assets			
Exploration and evaluation assets	4	513,762	532,996
TOTAL ASSETS		556,513	636,968
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		132,742	137,806
Due to related parties	7	232,461	253,640
Loan payable	5	100,806	-
TOTAL LIABILITIES		466,009	391,446
EQUITY			
Share capital	6	2,707,511	2,707,511
Share option and warrant reserve		261,867	261,867
Contribution reserve		3,146,108	3,146,108
Deficit		(5,966,198)	(5,894,554)
Other comprehensive income (loss)		(58,784)	24,590
TOTAL EQUITY		90,504	245,522
TOTAL LIABILITIES AND EQUITY		556,513	636,968

Para Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended November 30, 2014 and 2013
(Unaudited - expressed in Canadian Dollars)

	Notes	2014 \$	2013 \$
Expenses			
Consulting	7	30,000	30,000
Office and miscellaneous	7	9,790	8,878
Professional fees	7	20,081	11,210
Regulatory and other filing fees		8,454	2,044
Loss before other items		68,325	52,132
Interest expense		3,319	18,013
Impairment of mineral property		-	-
Net loss for the period		71,644	70,145
Other Comprehensive Loss			
(Gain) loss on foreign translation		83,374	(38,306)
Net Loss and Comprehensive Loss for the period		155,018	31,839
Basic and Diluted Loss per Common Share		(0.00)	(0.01)
Weighted Average Number of Common Shares Outstanding		25,068,588	5,611,600

Para Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended November 30, 2014 and 2013
(Unaudited - expressed in Canadian Dollars)

	Share Capital		Share Option and Warrant Reserve	Contribution Reserve	Deficit	Other Comprehensive Income	Total Equity
	Number of Shares	Amount \$					
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	-	-	-	-	(70,145)	-	(70,145)
Other comprehensive loss for the period	-	-	-	-	-	38,306	38,306
Balance, November 30, 2013	5,611,600	1,480,908	217,518	3,146,108	(5,580,723)	(13,082)	(749,271)
Issued during the period:							
For cash pursuant to private placement	4,928,572	345,000	-	-	-	-	345,000
For the settlement of debt	14,528,416	1,016,989	-	-	-	-	1,016,989
Less: issue costs – cash	-	(91,037)	-	-	-	-	(91,037)
– agent options	-	(44,349)	44,349	-	-	-	-
Net loss for the period	-	-	-	-	(313,831)	-	(313,831)
Other comprehensive income for the period	-	-	-	-	-	37,672	37,672
Balance as at August 31, 2014	25,068,588	2,707,511	261,867	3,146,108	(5,894,554)	24,590	245,522
Net loss for the period	-	-	-	-	(71,644)	-	(71,644)
Other comprehensive income for the period	-	-	-	-	-	(83,374)	(83,374)
Balance as at November 30, 2014	25,068,588	2,707,511	261,867	3,146,108	(5,966,198)	(58,784)	90,504

Para Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended November 30, 2014 and 2013
(Unaudited - expressed in Canadian Dollars)

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Net Loss for the period	(71,644)	(70,145)
Changes in non-cash working capital items:		
GST Receivable	(3,269)	52,288
Prepaid expenses	-	-
Accounts payable and accrued liabilities	(5,064)	(3,701)
Due from related parties	(20,373)	(3,196)
	(100,350)	(24,754)
FINANCING ACTIVITIES		
Loans payable	100,000	105,400
Repayment of loans from related parties	-	(11,262)
	100,000	94,138
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(60,606)	(99,979)
	(60,606)	(99,979)
Foreign exchange effect on cash	(3,534)	38,306
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(64,490)	7,711
CASH, BEGINNING OF THE PERIOD	83,153	4,652
CASH, END OF THE PERIOD	18,663	12,363

Para Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited - expressed in Canadian Dollars)

For the three months ended November 30, 2014 and 2013

1. NATURE OF OPERATIONS AND GOING CONCERN

Para Resources Inc. (the “Company” or “Para”) is the parent company of its consolidated group 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. (“ANGRA”) from Goldsource Mines Inc. (formerly Eagle Mountain Gold Corp.) (“Goldsource”) 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 November 30, 2014, the Company had an accumulated deficit of \$5,966,198 (August 31, 2014 – \$5,894,554). For the three months ended November 30, 2014, the Company incurred a loss of \$71,644 (2013 - \$70,145) and negative cash flow from operations amounting to \$100,350 (2013 – \$24,754). 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

Para Resources Inc.
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For the three months ended November 30, 2014 and 2013

statements for the year ended August 31, 2014, 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, 2014 except as outlined in Note 3. These financial statements were approved by the board of directors for use on January 28, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The following standards have 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.

Para Resources Inc.
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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.

	November 30 , 2014	August 31 , 2014
	\$	\$
Acquisition Cost		
Balance, beginning of period	1	1
Addition, during the period	-	-
Impairment charge	-	-
Balance, end of the period	1	1
Deferred Exploration Costs		
Balance, beginning of the period	532,995	62,085
Addition during the period		
Assays	-	14,318
Consulting	37,935	189,587
Field supplies	6,533	79,578
Miscellaneous	722	25,772
Project administration	8,364	62,055
Vehicle expenses	7,861	56,137
Foreign exchange on mineral property	(80,649)	43,463
Total additions during the period	(19,234)	470,910
	513,761	532,995
Impairment	-	-
Balance, end of the period	513,762	532,996

5. LOAN PAYABLE

During the three months ended November 30, 2014 the Company received a loan from Conex Services Inc. ("Conex") in the amount of \$100,000 for working capital purposes. The loan is secured with a promissory note and has a term of 12 months from the date of the advance, bearing interest at 1% per month for the duration of the loan.

6. SHARE CAPITAL

Authorized

Unlimited common shares without par value

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

Para Resources Inc.**Notes to the Condensed Interim Consolidated Financial Statements**

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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.

The Company's stock options outstanding as at November 30, 2014 and August 31, 2014 and the changes for the periods then ended are as follows:

	Number of Options	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Life (years)
August 31, 2013	383,100	0.74	3.07
Granted	1,232,143	0.10	
Balance, outstanding and exercisable – August 31, 2014 and November 30, 2014	1,615,243	0.25	1.93

Stock options outstanding and exercisable at November 30, 2014 are as follows:

Number of Options	Exercise Price \$	Expiry Date
8,100	0.50	December 24, 2015
1,232,143	0.10	August 22, 2016
375,000	0.75	July 10, 2017
1,615,243		

There were no options granted during the three months ended November 30, 2014.

Warrants

The Company's warrants outstanding as at November 30, 2014 and August 31, 2014 and the changes for the periods then ended are as follows:

	Number of Warrants	Exercise Price \$
Balance, August 31, 2013	879,000	0.98
Issued	9,728,494	0.10
Balance, August 31, 2014 and November 30, 2014	10,607,494	0.17

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Warrants outstanding as at November 30, 2014 were as follows:

Outstanding Warrants	Exercise Price \$	Expiry Date
800,000	1.00	April 30, 2015
79,000	0.75	April 30, 2015
9,728,494	0.10	August 22, 2016
<u>10,607,494</u>		

Weighted average remaining contractual life is 1.62 years.

Escrowed shares

The 2,960,000 common shares originally issued by the Company to Goldsource are held in escrow. Under the terms of the escrow agreement, 10% of the escrowed common shares were to be released from escrow following issuance of the final exchange bulletin upon completion of the Qualifying Transaction on April 30, 2012, and 15% will be released every six months thereafter over a period of thirty six months. As at November 30, 2014, 489,000 common shares remained in escrow.

7. 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 months ended November 30, 2014 and 2013 are as follows:

	2014	2013
	\$	\$
Consulting fees paid to a director	30,000	30,000
Administrative fees paid to a company controlled by a director	7,500	7,500
	<u>37,500</u>	<u>37,500</u>

As at November 30, 2014, \$88,747 (August 31, 2014 - \$112,661) was owing to a director and a private company controlled by him, and \$19,199 (August 31, 2014 - \$19,199) to was owing to Goldsource, a company with common directors and officers.

As at November 30, 2014, loans totaling \$124,514 (August 31, 2014 - \$121,780) were due to a director, a private company which he is a director of, and a private company controlled by him. Loans amounting to \$25,752 are unsecured and non-interest bearing and loans amounting to \$98,762 bear an interest rate of 1% per month compounded monthly all with a due date July 17, 2015.

8. SEGMENTED DISCLOSURE

Operating segment:

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

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Geographic segment:

The Company's assets and liabilities as at November 30, 2014 and August 31, 2014 and the Company's expenses by geographic area for the three months ended November 30, 2014 are as follows:

	November 30, 2014		Total
	Brazil	Canada	
	\$	\$	\$
Current assets	10,976	31,775	42,751
Exploration and evaluation asset	513,762	-	513,762
Total assets	524,738	31,775	556,513
Current liabilities	1,663	464,346	466,090
Total liabilities	1,663	464,346	466,090
Expenses	-	68,325	68,325
Other expenses	-	3,319	3,319
Net loss	-	71,644	71,644

The Company's assets, liabilities, expenses by geographic area as at and for the year ended August 31, 2014 were as follows:

	August 31, 2014		Total
	Brazil	Canada	
	\$	\$	\$
Current (liabilities) assets	13,520	90,452	103,972
Exploration and evaluation asset	532,996	-	532,996
Total assets	546,516	90,452	636,968
Current liabilities	8,068	383,378	391,446
Total liabilities	8,068	383,378	391,446
Expenses	9	310,496	310,505
Other expenses	-	73,471	73,471
Net loss	9	383,967	383,976

9. SUBSEQUENT EVENTS

- On January 13, 2015 the Company granted an aggregate of 1,100,000 stock options to directors and consultants of the Company. All of the stock options are exercisable at a price of \$0.05 per share for a period of five years.
- Additionally, on January 13, 2015 the Company arranged a loan of \$250,000 (the "Loan") from Conex Services Inc., for working capital purposes. The loan is available in multiple tranches, each of which will be secured by a promissory note. Each tranche will have a term of 12 months from the date of its advance and bears interest at the rate of 1% per month during the term. During the three months ended November 30, 2014 the Company received a \$100,000 loan payable from Conex and subject to this loan arrangement, it is considered the first tranche of the loan arrangement. Subsequent to November 30, 2014 the Company received an additional \$100,000 as the second tranche of the loan arrangement. Subject to TSX Venture Exchange approval, the Company will issue bonus shares permitted to Conex in consideration for providing the loan. The shares will be subject to a hold period of four months and a day from issuance.