PARA RESOURCES INC.

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

For the Three and Six Months Ended February 28, 2015 and 2014

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)

	Notes	**February 28, 2015 $**	**August 31, 2014 $**
ASSETS			
Current assets			
Cash		50,742	83,153
GST receivable		28,188	20,819
		78,930	103,972
Non-current assets			
Exploration and evaluation assets	4	594,235	532,996
TOTAL ASSETS		673,165	636,968
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		164,749	137,806
Due to related parties	7	242,396	253,640
Loan payable	5	242,729	-
TOTAL LIABILITIES		649,874	391,446
EQUITY			
Share capital	6	2,771,654	2,707,511
Share option and warrant reserve		294,279	261,867
Contribution reserve		3,146,108	3,146,108
Deficit		(6,113,130)	(5,894,554)
Other comprehensive income (loss)		(75,620)	24,590
TOTAL EQUITY		23,291	245,522
TOTAL LIABILITIES AND EQUITY		673,165	636,968

Para Resources Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended February 28, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

	Notes	**Three months ended February 28, 2015 $**	**Three months ended February 28, 2014 $**	**Six months ended February 28, 2015 $**	**Six months ended February 28, 2014 $**
Expenses					
Consulting	7	30,000	30,000	60,000	60,000
Office and miscellaneous	7	20,870	19,521	30,660	28,399
Professional fees	7	43,027	39,605	63,108	50,815
Regulatory and other filing fees		11,845	13,932	20,299	15,976
Share-based payments		32,412	-	32,412	-
Loss before other items		138,154	103,058	206,479	155,190
Interest expense		8,778	18,879	12,097	36,892
Impairment of mineral property					-
Net loss for the period		146,932	121,937	218,576	192,082
Other Comprehensive Loss					
(Gain) loss on foreign translation		16,836	(1,645)	100,210	(39,951)
Net Loss and Comprehensive Loss for the period		**163,768**	**120,292**	**318,786**	**152,131**
Basic and Diluted Loss per Common Share		(0.01)	(0.02)	(0.01)	(0.03)
Weighted Average Number of Common Shares Outstanding		25,191,440	5,611,600	25,315,656	5,611,600

Para Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the Three and Six months ended February 28, 2015 and 2014
(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, 2013	5,611,600	1,480,908	217,518	3,146,108	(5,510,578)	(51,388)	(717,432)
Net loss for the period	-	-	-	-	(192,082)	-	(192,082)
Other comprehensive loss for the period	-	-	-	-	-	39,951	39,951
Balance, February 28, 2014	5,611,600	1,480,908	217,518	3,146,108	(5,702,660)	(11,437)	(869,563)
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	-	-	-	-	(191,894)	-	(191,894)
Other comprehensive income for the period	-	-	-	-	-	36,027	36,027
Balance as at August 31, 2014	25,068,588	2,707,511	261,867	3,146,108	(5,894,554)	24,590	245,522
Bonus shares issued for loan	855,237	64,143	-	-	-	-	64,143
Share-based payment on options grant	-	-	32,412	-	-	-	32,412
Net loss for the period	-	-	-	-	(218,576)	-	(218,576)
Other comprehensive income for the period	-	-	-	-	-	(100,210)	(100,210)
Balance as at February 28, 2015	25,923,825	2,771,654	294,279	3,146,108	(6,113,130)	(75,620)	23,291

Para Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Three and Six months ended February 28, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

	2015 $	2014 $
OPERATING ACTIVITES		
Net Loss for the period	(218,576)	(192,082)
Non-cash items:		
Share-based payments	32,412	-
Changes in non-cash working capital items:		
GST Receivable	(7,369)	47,524
Prepaid expenses	-	-
Accounts payable and accrued liabilities	38,917	34,117
Due from related parties	(16,346)	(2,204)
	(170,962)	(112,645)
FINANCING ACTIVITIES		
Loans payable	300,000	288,495
Repayment of loans from related parties	-	(11,262)
	300,000	277,233
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(149,491)	(171,147)
	(149,491)	(171,147)
Foreign exchange effect on cash	(11,958)	31,192
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(32,411)	24,633
CASH, BEGINNING OF THE PERIOD	83,153	4,652
CASH, END OF THE PERIOD	50,742	29,285
Non-cash items excluded from financing activities		
Bonus-shares issued for loan payable	64,143	-

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 200-375 Water Street, Vancouver, British Columbia, V5B 0M9.

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 February 28, 2015, the Company had an accumulated deficit of $6,113,130 (August 31, 2014 – $5,894,554). For the six months ended February 28, 2015, the Company incurred a loss of $218,576 (2014 - $192,082) and negative cash flow from operations amounting to $170,962 (2014 – $112,645). 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, 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 April 28, 2015.

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.

(Unaudited - expressed in Canadian Dollars)

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.

	February 28, 2015	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	7,547	14,318
Consulting	78,782	189,587
Field supplies	31,870	79,578
Miscellaneous	722	25,772
Project administration	18,370	62,055
Vehicle expenses	12,200	56,137
Foreign exchange on mineral property	(88,252)	43,463
Total additions during the period	61,239	470,910
	594,234	532,995
Impairment	-	-
Balance, end of the period	**594,235**	**532,996**

5. LOAN PAYABLE

During the six months ended February 28, 2015 the Company entered into a loan agreement with Conex Services Inc. ("Conex") whereby Conex would advance the Company $250,000, received in multiple tranches, 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. As additional consideration for the loan, on February 3, 2015, the Company issued 855,237 bonus shares to Conex. The shares were recorded at fair value on the date of issuance at $64,143 as a financing cost and will be amortized over the life of the loan. As at February 28, 2015, the Company has accrued interest of $6,872 on the loan.

On February 26, 2015, the Company entered into another loan agreement with Conex in the amount of $500,000, payable in multiple tranches, with the same terms as the previous loan agreement. As of February 28, 2015, the Company had received $50,000 in relation to the second loan agreement.

(Unaudited - expressed in Canadian Dollars)

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 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 February 28, 2015 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)
Balance, August 31, 2013	383,100	0.74	3.07
Granted	1,232,143	0.10	
Balance, August 31, 2014	1,615,243	0.25	1.93
Granted	900,000	0.05	
Cancelled	(10,000)	0.75	
Balance outstanding and exercisable at February 28, 2015	2,505,243	0.18	2.81

Stock options outstanding and exercisable at February 28, 2015 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
365,000	0.75	July 10, 2017
900,000	0.05	December 30, 2019
2,505,243		

On December 30, 2014, the Company granted 900,000 options, vesting immediately, to directors and officers, exercisable at $0.05 and expiring on December 30, 2019. The fair value of the options granted was $0.04 and the Company recorded share-based payments expense of $32,412. The fair value of these options was determined using an option pricing model using the following assumptions: Risk free interest rate 1.34%; expected life 5 years; expected volatility 94.8% and expected dividends of $nil. There were no options issued during the six months ended February 28, 2014.

(Unaudited - expressed in Canadian Dollars)

Warrants

The Company's warrants outstanding as at February 28, 2015 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 February 28, 2015	10,607,494	0.17

Warrants outstanding as at February 28, 2015 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
10,607,494		

Weighted average remaining contractual life is 1.37 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 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 February 28, 2015, 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 and six months ended February 28, 2015 and 2014 are as follows:

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	2015	2014
	$	$	$	$
Consulting fees paid to a director	30,000	30,000	60,000	60,000
Administrative fees paid to a company controlled by a director	7,500	7,500	15,000	15,000
	37,500	37,500	75,000	75,000

(Unaudited - expressed in Canadian Dollars)

As at February 28, 2015, $94,709 (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 February 28, 2015, loans totaling $127,103 (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 $101,351 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.

Geographic segment:

The Company's assets and liabilities as at February 28, 2015 and August 31, 2014 and the Company's expenses by geographic area for the period ended February 28, 2015 are as follows:

	February 28, 2015		
	Brazil	Canada	Total
	$	$	$
Current assets	225	78,705	78,930
Exploration and evaluation asset	594,235	-	594,235
Total assets	594,460	78,705	673,165
Current liabilities	8,220	641,654	649,874
Total liabilities	8,220	641,654	649,874
Expenses	-	206,479	206,479
Other expenses	-	12,097	12,097
Net loss	-	218,576	218,576

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		
	Brazil	Canada	Total
	$	$	$
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

- Subsequent to February 28, 2015, the Company received an additional $135,000 in loans from Conex related to the February 26, 2015 loan agreement.