PARA RESOURCES INC.

Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended August 31, 2015 and 2014

Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Para Resources Inc.

We have audited the accompanying consolidated financial statements of Para Resources Inc., which comprise the consolidated statements of financial position as at August 31, 2015 and August 31, 2014 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Para Resources Inc. as at August 31, 2015 and August 31, 2014 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which indicates that the Company incurred a net loss of $893,972 during the year ended August 31, 2015 and, as of that date, the Company had an accumulated deficit of $6,788,526. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada
December 29, 2015

Chartered Professional Accountants

Para Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	August 31, 2015 $	August 31, 2014 $
ASSETS			
Current assets			
Cash		22,882	83,153
GST receivable		10,178	20,819
Prepaids		13,250	-
Total current assets		46,310	103,972
Non-current assets			
Deferred acquisition cost	5	756,582	-
Exploration and evaluation assets	6	1,074,695	532,996
Total non-current assets		1,831,277	532,996
TOTAL ASSETS		1,877,587	636,968
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		201,600	137,806
Due to related parties	9	291,012	253,640
Loan payable	7	1,978,067	-
TOTAL LIABILITIES		2,470,679	391,446
(DEFICIT) EQUITY			
Share capital	8	2,771,654	2,707,511
Share option and warrant reserve		301,482	261,867
Contributed surplus		3,146,108	3,146,108
Deficit		(6,788,526)	(5,894,554)
Accumulated other comprehensive (loss) Income		(23,810)	24,590
TOTAL (DEFICIT) EQUITY		(593,092)	245,522
TOTAL LIABILITIES AND (DEFICIT) EQUITY		1,877,587	636,968

Para Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended August 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Notes	2015 $	2014 $
Expenses			
Consulting	9	101,667	123,148
Office and miscellaneous	9	213,717	69,487
Professional fees	9	81,063	88,258
Regulatory and other filing fees		36,456	29,612
Share-based payments		39,615	-
Loss before other items		472,518	310,505
Interest expense		124,993	73,471
Write-off of deferred acquisition costs	5	296,461	-
Net loss for the year		893,972	383,976
Other Comprehensive Loss			
Items that may be reclassified subsequently to profit or loss:			
Loss (gain) on translating foreign operations		48,400	(75,978)
Net Loss and Comprehensive Loss for the year		**942,372**	**307,998**
Basic and Diluted Loss per Common Share		(0.03)	(0.06)
Weighted Average Number of Common Shares Outstanding		25,560,642	6,197,975

Para Resources Inc.
Consolidated Statements of Changes in Equity
For the Years ended August 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Share Capital						
	Number of Shares	**Amount**	**Share option and warrant reserve**	**Contributed Surplus**	**Deficit**	**Accumulated Other Comprehensive Income**	**Total**
		$	$	$	$	$	$
Balance as at August 31, 2013	5,611,600	1,480,908	217,518	3,146,108	(5,510,578)	(51,388)	(717,432)
Issued during the year:							
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 year	-	-	-	-	(383,976)	-	(383,976)
Other comprehensive loss for the year	-	-	-	-	-	75,978	75,978
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 (Note 7)	855,237	64,143	-	-	-	-	64,143
Share-based payment on options grant (Note 8)	-	-	39,615	-	-	-	39,615
Net loss for the year	-	-	-	-	(893,972)	-	(893,972)
Other comprehensive loss for the year	-	-	-	-	-	(48,400)	(48,400)
Balance as at August 31, 2015	25,923,825	2,771,654	301,482	3,146,108	(6,788,526)	(23,810)	(593,092)

Para Resources Inc.
Consolidated Statements of Cash Flows
For the Years ended August 31, 2015 and 2014
(Expressed in Canadian Dollars)

	2015 $	2014 $
OPERATING ACTIVITES		
Net Loss for the year	(893,972)	(383,976)
Non-cash items:		
Share-based payments	39,615	-
Interest on loan	124,855	-
Write-off of deferred acquisition costs	296,461	-
Changes in non-cash working capital items:		
GST Receivable	10,641	38,212
Prepaid expenses	(13,250)	-
Accounts payable and accrued liabilities	63,794	32,584
Due from related parties	24,539	-
	(347,317)	(313,180)
FINANCING ACTIVITIES		
Issuance of shares, net of issue costs	-	253,963
Loans payable	1,930,188	553,980
Repayment of loans from related parties	-	(29,397)
	1,930,188	778,546
INVESTING ACTIVITIES		
Deferred acquisition cost	(1,053,043)	-
Expenditures on exploration and evaluation assets	(604,144)	(419,380)
	(1,657,187)	(419,380)
Foreign exchange effect on cash	(14,045)	32,515
(DECREASE) INCREASE IN CASH DURING THE YEAR	(60,271)	78,501
CASH, BEGINNING OF THE YEAR	83,153	4,652
CASH, END OF THE YEAR	22,882	83,153
Non-cash items excluded from financing activities		
Bonus-shares issued for loan payable (Note 7)	64,143	-
14,528,416 units issued for the settlement of debt	-	1,016,989

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 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 August 31, 2015, the Company had an accumulated deficit of $6,788,526 (August 31, 2014 – $5,894,554). For the year ended August 31, 2015, the Company incurred a loss of $893,972 (2014 - $383,976), had negative cash flow from operations amounting to $347,317 (2014 – $313,180) and had a working capital deficiency of $2,424,369 (2014 - $287,474). 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 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 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

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee, effective for the Company's reporting for the year ended August 31, 2015.

These consolidated financial statements were approved by the board of directors for use on December 29, 2015.

The consolidated financial statements have been prepared under the historical cost.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiary ANGRA and are prepared in accordance with IFRS.

Control is achieved when the Company is exposed or has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intercompany transactions and balances are eliminated upon consolidation.

Exploration and evaluation assets

Exploration and evaluation ("E&E") assets are comprised of mineral properties and capitalizedexploration expenditures. Expenditures incurred on activities that precede exploration for and evaluations of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed immediately.

E&E assets includes rights to explore in mineral properties ("mining rights'), paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Mining rights are recorded at acquisition cost or at fair value in the case of a devaluation caused by an impairment of value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

E&E expenditures for each separate area of interest are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E expenditures include overhead expenses directly attributable to related activity.

Cash flows attributable to capitalized E&E costs are classified as investing activities in the statements of cash flows.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as loans and receivables, including cash, and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered a significant or prolonged decline in the fair value of that investment below its cost.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

Financial liabilities may be classified as Fair Value through Profit or Loss ("FVTPL") or as other financial liabilities, based on the purpose for which the liability was incurred. Other financial liabilities include accounts payable and accrued liabilities, loans payable and due to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive income (loss). Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to

the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts are credited to share capital – share option and warrants reserve within equity.

Funding provided to ANGRA, and expenses related to ANGRA incurred by Goldsource prior to the date of the qualifying transaction, are reflected in share option and warrant reserve within equity.

Loss or earnings per common share

Basic loss or earnings per common share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares issued and outstanding for the relevant period.

Diluted loss or earnings per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Share-based payments

Employees and directors of the Company receive remuneration in the form of share-based payment transactions, whereby services are rendered as consideration for equity instruments ("equity-settled transactions"). For equity-settled transactions, the Company measures the fair value of share-based awards using an option pricing model as of the date of grant, and recognizes the cost as an expense over the applicable vesting period with a corresponding increase in share option and warrants reserve. The Company estimates the number of equity instruments that will ultimately vest, based on the awards meeting the related service conditions at the vesting date, when calculating the share-based payment expense. When share-based awards are exercised, share option reserve is reduced by the applicable amount and share capital is increased by the same amount. Share-based payments also include warrants that are issued as payment for agency fees or other transaction costs. Share based payments for services are measured at the fair value of the services rendered.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the parent. The functional currency of ANGRA has been determined to be the Brazilian Real based on the currency in which the majority of the entity's expenditures are incurred in. On consolidation, assets and liabilities have been translated in the reporting currency at the closing rate at the reporting date.

Income and expenses have been translated into the reporting currency at the average rate over the period. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using exchange rates at the date when fair value was determined. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Provisions
Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount receivable can be measured reliably.

Accounting standards development
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.
- IFRS 15*, Revenue from Contracts with Customers*, was issued in May 2014 and establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The required adoption date for IFRS 15 is the annual period beginning on or after January 1, 2018, with early adoption permitted. The Company has not completed its assessment of the impact of this standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

Estimates

Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Judgments

Exploration and evaluation assets
The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Although the Company has taken steps to ensure the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

Impairment of exploration and evaluation assets
The application of the Company's accounting policy for determining whether it is likely that costs incurred on exploration and evaluation assets will be recovered through successful exploration and development also requires significant judgment. Management evaluates impairment with consideration of the economic and political environments and current mining codes of the countries where they perform exploration.

5. DEFERRED ACQUISITION COST

Ojos Negros Gold Property:
The Company executed a binding letter of intent (the "LOI") on April 25, 2015 with Navial Mineria, S.A. de C.V. ("Navial") and Ivonne Alicia Boileve Romero ("Romero") under which it agreed, subject to certain conditions including Exchange approval, completing final due diligence and entering into a definitive agreement (the "Definitive Agreement"), to acquire the option (the "Option") to earn up to a 75% interest in and to the Ensenada IV mineral concession known as the Ojos Negros Gold Property ("Ojos Negros") in Baja California, Mexico.

To facilitate the exercise of the Option, Romero and Navial would transfer 100% legal and beneficial ownership of Ojos Negros to a private Mexican subsidiary of the Company ("NewCo") which has not yet been incorporated and will only be incorporated if the Company proceeds with the option.

The Option can be exercised in the following stages:

- The Company fund a total of USD $225,000 (paid) in preliminary exploration expenditures on Ojos Negros (the "Initial Expenditures")
- Within 60 days of completion of the Initial Expenditures, the Company shall give Romero and Navial notice of its intention to either proceed with or abandon the Option ("First Notice")

In the event the Company chooses to abandon the Option in the First Notice and within 5 years Romero or Navial advance Ojos Negros to production, the Company shall be reimbursed for the Initial Expenditures by promissory note in the full amount of the Initial Expenditures, accruing interest at a rate of 7% per annum (the "Note"). Interest payable under the Note shall accrue from the date of the First Notice, and the Note will have a term of three years from the date of issuance.

Upon completion of due diligence the Company decided to abandon the option and as at August 31, 2015 the Company wrote-off $296,461 of deferred acquisition costs.

Colombia Milling:
On July 20, 2015 the Company announced it had entered into a shareholders' agreement ("Shareholders' Agreement"), subscribing for between 33.33% and 45% of the common shares of Colombia Milling Limited ("Colombia Milling"), a Belize incorporated Company. Pursuant to the Shareholders' Agreement, the Company is required to contribute an aggregate total of a minimum of USD $1,000,000 to acquire 33.33% of Colombia Milling, comprised of the following:

- A payment of USD $500,000 (paid)
- Five payments of USD $100,000, no later than the first day of each of the months commencing July 1, 2015 (paid) to November 1, 2015, inclusive.
- The Company may decide to increase its ownership of Colombia Milling to 45%, wherein its contribution will increase to $1,350,000
- Colombia Milling currently owns a 100% interest in American Gold Mines Ltd. ("AGM"), a Cayman Islands company and owner of 50.002% of the outstanding shares of Four Points Mining SAS ("Four Points"), a Colombian company and owner of certain mineral licenses in northern Colombia, which contain the El Limon mine(the " Property"). Colombia Milling acquired an additional 11% interest in Four Points from Sr. Duque for total consideration of USD $116,000, bringing their interest in the Property to approximately 61%. Pursuant to the Shareholders' Agreement, the Company will indirectly control between 20.3% and 27.45% of the Property.

Subsequent to August 31, 2015 the Company received Exchange approval for the agreement (Note 14.)

A breakdown of total deferred acquisition costs is as follows:

	August 31, 2015	**August 31, 2014**
	$	$
Colombia Milling Ltd.	756,582	-
	756,582	-

6. 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.

	August 31, 2015	**August 31 , 2014**
	$	**$**
Acquisition Cost		
Balance, beginning of year	1	1
Addition, during the year	-	-
Impairment charge	-	-
Balance, end of the year	1	1
Deferred Exploration Costs		
Balance, beginning of the year	532,995	62,085
Addition during the year		
Assays	20,262	14,318
Consulting	177,415	189,587
Drilling	118,300	-
Environmental	4,355	-
Field supplies	85,834	79,578
Licenses	20,827	-
Miscellaneous	722	25,772
Personnel	16,796	-
Project administration	109,370	62,055
Vehicle expenses	50,263	56,137
Foreign exchange on mineral property	(62,445)	43,463
Total additions during the year	541,699	470,910
	1,074,694	532,995
Balance, end of the year	**1,074,695**	**532,996**

Cumaru-Gradaus Gold project:

On May 11, 2015 the Company executed an agreement with Mineracao Iraja S/A (the “Vendor”) bringing into effect a Mineral Rights Purchase and Sale Agreement (the “Agreements”).

Pursuant to the Agreements the Company will, subject to completion of conditions of closing and TSX Venture Exchange approval, acquire a 100% right, title and interest in and to the Cumaru Gradaus Gold project (the “Project”) located in Para Sate, Brazil. In consideration the Company will issue 6,440,500

common shares of the Company and a 2% NSR to the Vendor. The NSR will apply to any property brought into commercial production by the Company within 5 kilometers of the Cumaru-Gradaus Gold project. In the event commercial production exceeds 1,000,000 oz. of gold, the royalty will increase to a 3% NSR. The project is also subject to existing royalties, in an aggregate of 2.4% of NSR. The Company will grant the Vendor an additional 1% NSR in the event the Company commences commercial production on any other project in Brazil, including the Tucumã project.

7. LOAN PAYABLE

During the year ended August 31, 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 each tranche has a term of 12 months from the date of the advance, bearing interest at 1% per month. The four tranches mature November 4, 2015, December 2, 2015, January 7, 2016 and January 29, 2016. As part of the 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 the Company will amortize the cost using an effective interest rate of 30.1%. As at August 31, 2015, the Company has accrued interest of $60,053 on the loan.

During the year ended August 31, 2015 the Company received additional loans from Conex, with the same terms as the previous loan agreement, in the amount of $1,680,188. The additional funds were used to pursue different business opportunities (Note 5 and Note 14). As at August 31, 2015 the Company has accrued interest of $54,284.

8. 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 August 31, 2015 and August 31, 2014 and the changes for the years 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	1,100,000	0.05	
Cancelled	(10,000)	0.75	
Balance outstanding and exercisable at August 31, 2015	2,705,243	0.17	2.46

Stock options outstanding and exercisable at August 31, 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
1,100,000	0.05	December 30, 2019
2,705,243		

On December 30, 2014, the Company granted 1,100,000 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 $0.036 and the Company recorded share-based payments expense of $39,615. 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%, forfeiture rate nil and expected dividends of $nil.

All of the options issued during the year ended August 31, 2014 were agent options related to the brokered private placement completed during the year ended August 31, 2014 and were recorded as a financing cost. The fair value of the options grated was 0.04. The fair value of the options was determined using the black-

scholes model using the following assumptions: risk-free interest rate 1.09%; expected life 2 years; estimated volatility 95.5%; forfeiture rate nil and expected dividends nil.

Warrants

The Company's warrants outstanding as at August 31, 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	10,607,484	0.17
Expired	(879,000)	0.98
Balance, August 31, 2015	9,728,484	0.10

Warrants outstanding as at August 31, 2015 were as follows:

Outstanding Warrants	Exercise Price $	Expiry Date
9,728,494	0.10	August 22, 2016
9,728,494		

Weighted average remaining contractual life is 0.98 years.

9. RELATED PARTY TRANSACTIONS

All amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment unless otherwise stated. The Company paid or accrued remunerations to its directors and officers during the years ended August 31, 2015 and 2014 are as follows:

	2015	**2014**
	$	**$**
Consulting fees paid to a director	120,000	120,000
Administrative fees paid to a company controlled by a director	30,000	30,000
	150,000	150,000

As at August 31, 2015, $38,251 (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 August 31, 2015, loans totaling $233,562 (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 $23,252 are unsecured and non-interest bearing and loans amounting to $210,310 bear an interest rate of 1% per month compounded monthly and are due on demand.

10. CAPITAL MANAGEMENT

The Company's primary objective with respect to its capital management is to safeguard the Company's ability to continue as a going concern, and to ensure sufficient cash resources are available to fund the acquisition, exploration and evaluation of mineral properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity.

The Company includes equity, comprising of capital stock, contributed surplus and deficit, in the definition of capital.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period.

11. FINANCIAL RISK MANAGEMENT

The carrying values of the Company's financial instruments are classified into the categories below. Fair values are determined either directly by reference to published price quotations in an active market, or from valuation techniques using observable inputs.

	August 31, 2015	August 31, 2014
	$	$
Loans and Receivables:		
Cash	22,882	83,153
Other financial liabilities		
Accounts payable and accrued liabilities	201,600	137,806
Due to related parties	291,012	253,640
Loan payable	1,978,067	-

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. These financial instruments are short-term in nature and therefore carrying values approximate their fair values.

Fair value measurements

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The fair value of the Company's financial instruments recognized and measured at amortized cost approximates their fair value. The fair value of financial instruments that are measured subsequent to initial recognition at their fair value is measured within a 'fair value hierarchy' which has the following levels:

> Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
> Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
> Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company had no financial instruments that are carried and measured at fair value at August 31, 2015 and 2014.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the officers of the Company as discussed with the Board of Directors. The officers of the Company are charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash and cash equivalents; however, the risk is minimal because of their short-term maturity.

Credit risk

Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk arises from cash and cash equivalents. The Company mitigates this risk by placing its cash and cash equivalents in large reputable Canadian financial institutions; management believes the risk of loss is remote.

Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they fall due. To mitigate this risk, the Company has a planning and budgeting process to determine funds required to support its ongoing operations and capital expenditures. The Company's cash and cash equivalents are immediately available on demand to cover immediate obligations. At August 31, 2015, the Company had a working capital deficit of $2,424,369 (2014 - $287,474).

Foreign currency risk
Foreign exchange risk is the risk due to fluctuation in foreign currencies. The Company is primarily exposed to currency fluctuations related to cash balances, receivables, and payables held in currencies other than the functional currency.

12. 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, liabilities and expenses by geographic area as at and for the year ended August 31, 2015 are as follows:

	August 31, 2015		
	Brazil	Canada	Total
	$	$	$
Current assets	16,978	29,332	46,310
Deferred acquisition costs	-	756,582	756,582
Exploration and evaluation asset	1,074,696	-	1,074,695
Total assets	1,091,674	785,914	1,877,587
Current liabilities	22,801	2,447,878	2,470,679
Total liabilities	22,801	2,447,878	2,470,679
Expenses	-	472,518	472,518
Other expenses	-	421,454	421,454
Net loss	-	893,972	893,972

The Company's assets, liabilities and 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

13. INCOME TAXES

The Company has Canadian losses carried forward of approximately $2,187,188 (August 31, 2014: $1,534,518), expiring in various years to 2035 that may be available to offset future taxable income.

The tax losses are as follows:

Year ended	August 31, 2015	August 31, 2014
March 31, 2031	96,082	96,082
March 31, 2032	199,944	199,944
April 30, 2032	23,677	23,677
August 31, 2032	238,502	238,502
August 31 2033	528,282	528,282
August 31, 2034	448,031	448,031
August 31, 2035	652,670	-
	2,187,188	1,534,518

Reconciliation of income tax computed at statutory tax rates to the reported income tax provision is as follows:

	August 31, 2015	August 31, 2014
Canadian statutory rate	26%	26%
Net loss	(893,972)	(383,976)
Income tax recovery at Canadian statutory rates	(232,433)	(99,834)
Adjustment due to permanent difference	101,018	(1,141)
Change due to difference in tax rates	(42,357)	2,840
Change in unrecognized deductible temporary difference	81,161	120,226
Change due to foreign translation and other	92,610	(22,092)
	-	-

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. Deferred tax assets have not been recognized for the temporary differences noted below as the Company does not presently have sufficient evidence to establish that it is probable that the respective entities to which they relate will generate future taxable income against which to utilize the temporary differences.

	August 31, 2015	August 31, 2014
Unrecognized deferred tax assets		
Income tax losses carried forward	564,372	398,975
Unrecognized deferred income tax assets	564,372	398,975
Deferred income tax liabilities	-	-

14. SUBSEQUENT EVENTS

- Subsequent to August 31, 2015, the Company received an additional $1,269,188 in loans from Conex under the same terms and conditions as the previous loans.
- Subsequent to August 31, 2015, 14,285 warrants were exercised at $0.10 per share for gross proceeds of $1,429.
- Subsequent to August 31, 2015, the Company paid an additional USD $600,000 to Colombia Milling, fulfilling its requirements as per the Shareholders' Agreement. Any payments above the required USD $1,000,000 will allow the Company to increase its ownership up to 45% once the Company advances USD $1,350,000. On October 28, 2015 the Company received final Exchange approval for the Colombia Milling acquisition.
- On December 8, 2015 the Company closed on a Private Placement for gross proceeds of $554,400 through the issuance of 4,619,999 Units. Each "**Unit**" was issued at a price of $0.12, and was comprised of one common share of the Company and one half common share purchase warrant (each whole such warrant a "**Warrant**"). Each Warrant entitles the holder to acquire a common share of the Company at a price of $0.18 for a period of 18 months from their date of issuance, subject to acceleration as more particularly described in the Company's news release of October 14, 2015. As part of this first tranche closing Lake Forest Development Corp. (a company controlled by Para CEO) acquired 1,666,666 Units and Triplet Management Inc. (a company controlled by a Para Director) acquired 100,000 Units. Additionally Conex converted $2,068,400 of its loans into 17,236,666 units.