PARA RESOURCES INC.

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

For the Three Months Ended November 30, 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	November 30, 2015 $	August 31, 2015 $
ASSETS			
Current assets			
Cash		4,305	22,882
GST receivable		12,143	10,178
Prepaids		53,235	13,250
Total current assets		69,683	46,310
Non-current assets			
Deferred acquisition cost	4	1,380,847	756,582
Exploration and evaluation assets	5	1,162,798	1,074,695
Total non-current assets		2,543,645	1,831,277
TOTAL ASSETS		2,613,328	1,877,587
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		223,030	201,600
Due to related parties	8	3,192,628	291,012
Loan payable	6	280,382	1,978,067
TOTAL LIABILITIES		3,696,040	2,470,679
(DEFICIT) EQUITY			
Share capital	7	2,773,083	2,771,654
Share option and warrant reserve		301,482	301,482
Contributed surplus		3,146,108	3,146,108
Deficit		(7,279,296)	(6,788,526)
Accumulated other comprehensive (loss)		(24,089)	(23,810)
TOTAL (DEFICIT)		(1,082,712)	(593,092)
TOTAL LIABILITIES AND (DEFICIT) EQUITY		2,613,328	1,877,587

Para Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Months Ended November 30, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

	Notes	**2015** **$**	**2014** **$**
Expenses			
Business investigation	5	66,353	-
Consulting	8	206,750	30,000
Office and miscellaneous	8	66,287	9,790
Professional fees	8	31,960	20,081
Regulatory and other filing fees		1,875	8,454
Loss before other items		373,225	68,325
Interest expense		117,545	3,319
Net loss for the period		490,770	71,644
Other Comprehensive Loss			
Items that may be reclassified subsequently to profit or loss:			
Loss on translating foreign operations		279	83,374
Net Loss and Comprehensive Loss for the period		**491,049**	**155,018**
Basic and Diluted Loss per Common Share		(0.02)	(0.00)
Weighted Average Number of Common Shares Outstanding		25,935,441	25,068,588

Para Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the Three Months Ended November 30, 2015 and 2014
(Unaudited - 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, 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 loss for the period	-	-	-	-	-	(83,374)	(83,374)
Balance, November 30, 2014	25,068,588	2,707,511	261,867	3,146,108	(5,966,198)	(58,784)	90,504
Bonus shares issued for loan	855,237	64,143	-	-	-	-	64,143
Share-based payments on options granted	-	-	39,615	-	-	-	39,615
Net loss for the period	-	-	-	-	(822,328)	-	(822,328)
Other comprehensive income for the period	-	-	-	-	-	34,974	34,974
Balance as at August 31, 2015	25,923,825	2,771,654	301,482	3,146,108	(6,788,526)	(23,810)	(593,092)
Shares issued pursuant to warrant exercise	14,285	1,429	-	-	-	-	1,429
Net loss for the period	-	-	-	-	(490,770)	-	(490,770)
Other comprehensive loss for the period	-	-	-	-	-	(279)	(279)
Balance as at November 30, 2015	25,938,110	2,773,083	301,482	3,146,108	(7,279,296)	(24,089)	(1,082,656)

Para Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended, 2015 and 2014
(Unaudited - expressed in Canadian Dollars)

	2015 $	2014 $
OPERATING ACTIVITES		
Net Loss for the period	(490,770)	(71,644)
Non-cash items:		
Interest on loan	117,469	-
Changes in non-cash working capital items:		
GST Receivable	(1,965)	(3,269)
Prepaid expenses	(39,985)	-
Accounts payable and accrued liabilities	21,430	(5,064)
Due from related parties	(16,598)	(20,373)
	(410,419)	(100,350)
FINANCING ACTIVITIES		
Issuance of shares, net of issue costs	1,429	-
Loans payable	1,103,060	100,000
	1,104,489	100,000
INVESTING ACTIVITIES		
Deferred acquisition cost	(624,265)	-
Expenditures on exploration and evaluation assets	(88,103)	(60,606)
	(712,368)	(60,606)
Foreign exchange effect on cash	(279)	(3,534)
(DECREASE) INCREASE IN CASH DURING THE PERIOD	(18,577)	(64,490)
CASH, BEGINNING OF THE PERIOD	22,882	83,153
CASH, END OF THE PERIOD	4,305	18,663

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 November 30, 2015, the Company had an accumulated deficit of $7,279,296 (August 31, 2015 – $6,788,526). For the three months ended November 30, 2015, the Company incurred a loss of $490,770 (2014 - $71,644), had negative cash flow from operations amounting to $410,419 (2014 – $100,350) and had a working capital deficiency of $3,626,357 (2015 - $2,424,369). 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, 2015, 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, 2015 except as outlined in Note 3. These financial statements were approved by the board of directors for use on January 28, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

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. 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")

(Unaudited - expressed in Canadian Dollars)

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. All costs related to Ojos Negros during the three months ended November 30, 2015 were expensed as business investigation 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 (paid), inclusive.
- The Company may decide to increase its ownership of Colombia Milling to 45%, wherein its contribution will increase to $1,350,000 (paid)
  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.

During the three months ended November 30, 2015 the Company made additional payments in the amount of $624,265 related to Colombia Milling.

A breakdown of total deferred acquisition costs is as follows:

	November 30, 2015	August 31, 2015
	$	$
Colombia Milling Ltd.	1,380,847	756,582
	1,380,847	756,582

(Unaudited - expressed in Canadian Dollars)

5. 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, 2015	August 31 , 2015
	$	$
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	1,074,694	532,995
Addition during the period		
Assays	3,745	20,262
Consulting	39,389	177,415
Drilling	-	118,300
Environmental	-	4,355
Field supplies	18,720	85,834
Licenses	267	20,827
Miscellaneous	-	722
Personnel	10,815	16,796
Project administration	5,131	109,370
Vehicle expenses	10,036	50,263
Foreign exchange on mineral property	-	(62,445)
Total additions during the period	88,103	541,699
	1,162,797	1,074,694
Balance, end of the period	**1,162,798**	**1,074,695**

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.

(Unaudited - expressed in Canadian Dollars)

6. 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 November 30, 2015, the Company has accrued interest of $30,898 on the loan.

Conex continued to provide additional loans to the Company with the same terms as the above mentioned loan. As at November 30, 2015, the Company had additional outstanding loans payable to Conex in the amount of $2,911,730. The additional funds were used to pursue different business opportunities (Note 5). As at November 30, 2015 the Company has accrued interest of $160,408.

7. 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 November 30, 2015 and August 31, 2015 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, 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 and November 30, 2015	2,705,243	0.17	2.21

(Unaudited - expressed in Canadian Dollars)

Stock options outstanding and exercisable at November 30, 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		

Subsequent to November 30, 2015, 8,100 stock options with an exercise price of $0.50 expired, unexercised.

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.

Warrants

The Company's warrants outstanding as at November 30, 2015 and August 31, 2015 and the changes for the periods then ended are as follows:

	Number of Warrants	Exercise Price $
Balance, August 31, 2014	10,607,484	0.17
Expired	(879,000)	0.98
Balance, August 31, 2015	9,728,484	0.10
Exercised	(14,285)	0.10
Balance, November 30, 2015	9,714,209	0.10

Warrants outstanding as at November 30, 2015 were as follows:

Outstanding Warrants	Exercise Price $	Expiry Date
9,714,209	0.10	August 22, 2016
9,714,209		

Weighted average remaining contractual life is 0.73 years.

(Unaudited - expressed in Canadian Dollars)

8. 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 three months ended November 30, 2015 and 2014 are as follows:

	2015	**2014**
	$	**$**
Consulting fees paid to a director	30,000	30,000
Administrative fees paid to a company controlled by a director	7,500	7,500
	37,500	37,500

As at November 30, 2015, $21,651 (August 31, 2015 - $38,251) was owing to a director and a private company controlled by him, and $19,199 (August 31, 2015 - $19,199) to was owing to Goldsource, a company with common directors and officers.

As at November 30, 2015, loans totaling $239,532 (August 31, 2015 - $233,562) 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 $216,280 bear an interest rate of 1% per month compounded monthly and are due on demand.

9. 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 November 30, 2015 and August 31, 2015 and the Company's expenses by geographic area for the period ended November 30, 2015 are as follows:

	November 30, 2015		
	Brazil	Canada	Total
	$	$	$
Current assets	14,895	54,788	69,683
Deferred acquisition costs	-	1,380,847	1,380,847
Exploration and evaluation asset	1,162,798	-	1,162,798
Total assets	1,177,693	1,435,635	2,613,328
Current liabilities	9,099	3,686,941	3,696,040
Total liabilities	9,099	3,686,941	3,696,040
Expenses	-	373,225	373,225
Other expenses	-	117,545	117,545
Net loss	-	490,770	490,770

(Unaudited - expressed in Canadian Dollars)

The Company's assets, liabilities and expenses by geographic area as at and for the year ended August 31, 2015 were as follows:

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

10. SUBSEQUENT EVENTS

- Subsequent to November 30, 2015, the Company received an additional $646,478 in loans from Conex under the same terms and conditions as the previous loans.

- 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.

- On January 13, 2016 the Company announced that it had signed Letters of Intent to acquire the 33.71% interest in Colombia Milling Limited ("**CML**") owned by James Randall Martin ("**Martin**") and the 16.20% interest in CML held by SAEF Exploration Inc. ("**SAEF**"), increasing the Company's ownership of CML to 100% (the "**Transaction**"). The acquisition of 100% of the shares of CML will bring Para's total indirect interest in the El Limon Mine to 61.2%.

  Pursuant to the terms of the Transaction, Para will acquire Martin's interest in CML in exchange for 13,213,340 units (the "**Units**") of Para at a deemed price of $0.09 per Unit, each Unit being comprised of one common share of the Company (each a "**Share**") and one half of one transferable share purchase warrant (the "**Warrants**"), each whole Warrant entitling Martin to purchase an additional Share for a period of 18 months from the date of issuance at an exercise price of CAD$0.20 per Share. Para will purchase all of the shares owned by SAEF in CML in consideration of a) USD$250,000 cash at closing, and, b) an unsecured note in the amount of USD$170,000, payable six months from the closing date along with accrued interest at a rate of 7% per annum.

  The Transaction is subject to several conditions precedent including the approval of the TSX Venture Exchange.