PARA RESOURCES INC.

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

For the Three and Six Months Ended June 30, 2019 and 2018

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	**June 30, 2019 $**	**December 31, 2018 $**
ASSETS			
Current assets			
Cash		15,019	389,446
Short-term investment		-	3,383,216
Receivables		932,521	660,756
Inventory		424,727	317,426
Prepaids and deposits		543,798	810,951
Advance royalties		34,706	27,717
Total current assets		1,950,771	5,589,512
Non-current assets			
Mineral properties	5	41,462,348	30,970,616
Exploration and evaluation assets	6	2,934,729	2,241,833
Plant and equipment	7	10,485,912	10,649,596
Total non-current assets		54,882,989	43,862,045
TOTAL ASSETS		56,833,760	49,451,557
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		3,836,952	2,032,738
Due to related parties		-	39,390
Prepaid forward gold purchase liability	9	5,358,868	4,981,078
Total current liabilities		9,195,820	7,053,206
Deferred income tax liability		3,892,436	3,958,710
Loans	8	13,582,586	7,297,780
Prepaid forward gold purchase liability	9	17,416,320	16,188,503
Total non-current liabilities		34,891,342	27,444,993
TOTAL LIABILITIES		44,087,162	34,498,199
EQUITY (DEFICIT)			
Share capital	10	31,424,530	26,128,752
Preferred shares	10	135,942	-
Share option and warrant reserve	10	2.964,251	2,893,560
Deficit		(32,272,395)	(26,893,508)
Accumulated other comprehensive loss		(982,764)	835,486
Equity attributable to shareholders		12,465,836	14,160,562
Non-controlling interests		280,762	792,796
		12,746,598	14,953,358
TOTAL LIABILITIES AND EQUITY		56,833,760	49,451,557

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Para Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended June 30, 2019 and 2018
(Unaudited - expressed in Canadian Dollars)

		Three months ended June 30,		**Six months ended June 30,**	
	Notes	**2019** **$**	**2018** **$**	**2019** **$**	**2018** **$**
Expenses					
Business investigation		4,003	6,838	32,498	6,838
Consulting	11	460,967	381,949	771,924	777,866
Depreciation	7	9,100	8,535	18,183	14,539
Investor relations		155,448	43,667	180,448	93,676
Office and miscellaneous	11	378,018	128,707	109,253	416,986
Professional fees		117,627	174,630	182,535	242,332
Regulatory and other filing fees		9,556	4,298	25,580	17,350
Repairs and maintenance		(6,185)	-	-	-
Salaries and wages	11	812,146	429,834	1,404,479	778,176
Share-based compensation	11	10,687	-	70,692	378,862
Loss before other items		(1,951,367)	(1,178,458)	(2,795,592)	(2,726,625)
Gain on debt forgiveness	8	2,717	7,420,579	2,717	7,420,579
Gain on fair value of loan	8	-	-	-	46,114
Loss on revaluation of derivative	9	(1,192,352)	-	(2,010,766)	-
Interest expense	8	(652,573)	(621,374)	(1,038,236)	(1,324,424)
Other expenses		60,975	-	15,021	-
Other income		(14,422)	-	30,345	-
Net income (loss) for the period		(3,747,022)	5,620,747	(5,796,511)	3,415,644
Other Comprehensive Income (loss)					
Items that may be reclassified subsequently to profit or loss:					
Gain (loss) on translating foreign operations		(1,089,428)	174,071	(1,912,661)	339,025
Income (loss) and Comprehensive income (loss) for the period		**(4,836,450)**	**5,794,818**	**(7,709,172)**	**3,754,669**
Income (loss) for the period attributable to:					
Owners of the parent		(3,457,857)	4,562,012	(5,378,887)	2,516,652
Non-controlling interests		(289,165)	1,058,735	(417,624)	898,992
		(3,747,022)	**5,620,748**	**(5,796,511)**	**3,415,644**
Comprehensive income (loss) for the period attributable to:					
Owners of the parent		(4,537,935)	4,644,529	(7,197,137)	2,727,171
Non-controlling interests		(298,514)	1,150,289	(512,034)	1,027,498
		(4,836,450)	**5,794,818**	**(7,709,172)**	**3,754,669**
Basic and Diluted (Loss) per Common Share		(0.02)	0.03	(0.03)	0.02
Weighted Average Number of Common Shares Outstanding		183,404,124	149,682,965	173,864,182	139,851,667

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Para Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2018 and 2017
(Unaudited - expressed in Canadian Dollars)

	Share capital		Preferred shares								
	Number of Shares	Amount	Number of Shares	Amount	Share option and warrant reserve	Shares to be issued	Contributed Surplus	Deficit	AOCI	NCI	Total
		$		$	$	$	$	$	$	$	$
Balance as at December 31, 2017	**137,783,440**	**21,032,716**	**-**	**-**	**1,927,107**	**765,382**	**-**	**(16,750,458)**	**(419,879)**	**1,213,276**	**7,768,144**
Shares issued pursuant to private placement	24,859,800	4,971,960	-	-	-	(765,382)	-	-	-	-	4,206,578
Cash issue costs	-	(57,269)	-	-	-	-	-	-	-	-	(57,269)
Warrant valuation	-	(60,500)	-	-	60,500	-	-	-	-	-	-
Share-based payments	-	-	-	-	378,862	-	-	-	-	-	378,862
Income for the period	-	-	-	-	-	-	-	2,516,652	-	898,992	3,415,644
Other comprehensive income for the period	-	-	-	-	-	-	-	-	210,519	128,506	339,025
Balance as at June 30, 2019	**162,643,240**	**25,886,907**	**-**	**-**	**2,366,469**	**-**	**-**	**(14,233,806)**	**(209,359)**	**2,240,774**	**16,050,985**
Balance as at December 31, 2018	**164,218,240**	**26,128,752**	**-**	**-**	**2,893,560**	**-**	**11,196,272**	**(26,893,508)**	**835,486**	**792,796**	**14,953,358**
Shares issued pursuant to private placement	24,859,800	4,971,960	-	-	-	-	-	-	-	-	5,224,620
Shares issued to settle liabilities	566,121	101,902	-	-	-	-	-	-	-	-	101,902
Preferred shares issued	-	-	408,000	135,942	-	-	-	-	-	-	135,942
Share issue costs	-	(30,744)	-	-	-	-	-	-	-	-	(30,744)
Share-based payments	-	-	-	-	70,691	-	-	-	-	-	70,691
Loss for the period	-	-	-	-	-	-	-	(5,378,887)	-	(417,624)	(5,796,511)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(1,818,250)	(94,410)	(1,912,660)
Balance as at June 30, 2019	**193,810,028**	**31,424,530**	**408,000**	**135,942**	**2,964,251**	**-**	**11,196,272**	**(32,272,395)**	**(982,764)**	**280,762**	**12,746,598**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Para Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2019 and 2018
(Unaudited - expressed in Canadian Dollars)

	2019 $	2018 $
OPERATING ACTIVITES		
Income (loss) for the period	(5,796,511)	3,415,644
Non-cash items:		
Gain on fair value of loan	-	(46,114)
Gain on forgiveness of debt	(2,717)	(7,420,578)
Loss from revaluation of derivative	2,010,766	-
Depreciation	18,183	14,539
Interest expense	912,111	1,310,324
Income tax expense	(66,274)	-
Share-based compensation	70,692	378,862
Unrealized foreign exchange	(993,682)	(164,885)
Changes in non-cash working capital items:		
Short-term investment	3,383,216	-
Receivables	(271,765)	(12,413)
Prepaid and deposits	267,153	307,483
Advance royalties	(6,989)	-
Inventory	(107,301)	(63,071)
Due from related parties	(39,390)	521,569
Accounts payable and accrued liabilities	2,036,116	(65,089)
	1,413,608	(1,823,729)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(186,207)	(165,425)
Mineral property costs	(11,851,708)	(1,667,303)
Purchase of equipment	(295,940)	(178,379)
	(12,333,855)	(2,011,107)
INVESTING ACTIVITIES		
Common shares issuance	5,224,620	4,206,578
Common shares issuance costs	(30,744)	(57,269)
Preferred shares issuance	135,942	
Proceeds from loans	5,216,002	840,160
Repayment of loans	-	(1,026,163)
	10,545,820	(2,011,107)
Foreign exchange effect on cash	-	(12,187)
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(374,427)	116,283
CASH, BEGINNING OF THE PERIOD	389,446	104,233
CASH, END OF THE PERIOD	15,019	220,516

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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 1000-840 Howe Street, Vancouver, British Columbia, Canada, V6Z 2M1 and its head office is 970-1050 West Pender Street, Vancouver, British Columbia, V6E 3S7.

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 considers 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 positive cash flows from operations. As at June 30, 2019, the Company had an accumulated deficit of $32,272,395 (2018 – $26,893,508). For the six months ended June 30, 2019, the Company had net loss of $5,796,511 (for the six months ended 2018 – net income of $3,415,644), had positive cash flow from operations amounting to $1,413,609 (2018 – negative cash flow of $1,823,729) and had a working capital deficit of $7,245,049 (2018 - $1,463,694). The Company will require additional financing, through various means including but not limited to equity financing and cash flow generated from operations, 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 and cash flow generated from operations. In addition, Management is in discussions with the major shareholders and others to provide financing to bridge the working capital and capex requirements through the prolonged development timeline.

There is no assurance that the Company will be successful in raising the additional required funds or generate sufficient cash flow from operations to meet its financing needs.

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

Statement of compliance
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 financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018, 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 December 31, 2018 except as outlined below. These condensed interim consolidated financial statements were approved by the board of directors for use on August 27, 2019.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND STANDARDS NOT YET EFFECTIVE

The following accounting standard was adopted during the six months ended June 30, 2019:

IFRS 16, Leases

IFRS 16 was issued by the IASB in January 2016 and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets (e.g., personal computers); and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

In transitioning to IFRS 16, a lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Company plans to adopt IFRS 16 using the modified retrospective approach, which means the cumulative impact of adoption will be recognized as at January 1, 2019 and comparatives will not be restated.

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

In 2018, the Company initiated a detailed impact assessment and implementation project which included reviewing contracts, aggregating data to support the evaluation of the accounting impacts and identifying where key accounting policy decisions were required. The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16 and identified no lease arrangements that would require a material effect on the consolidated financial statements. The Company's existing operating leases will be the main source of leases under the new standard.

Changes in accounting policies – IFRS 16

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

4. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2018.

5. MINERAL PROPERTIES

The Company's mineral properties balance consists solely of mines under construction.

As at June 30, 2019 the Company's mineral properties balance consisted of the following:

	El Limon	**North Otu**	**Gold Road**	**Total**
	$	**$**	**$**	**$**

(Unaudited - expressed in Canadian Dollars)

Balance, December 31, 2017	**18,822,359**	**1,332,531**	**3,687,401**	**23,842,291**
Development costs	5,254,429	-	2,369,839	5,246,110
Incidental revenue	(2,378,157)	-	-	(2,378,157)
Foreign exchange translation	1,306,794	127,689	447,732	1,882,215
Balance, December 31, 2018	**23,005,424**	**1,460,220**	**6,504,972**	**30,970,616**
Development costs	2,248,474	-	12,062,409	14,310,884
Incidental revenue	(1,796,441)	-	(413,401)	(2,209,843)
Foreign exchange translation	(715,817)	(402,790)	(490,702)	(1,609,309)
Balance, June 30, 2019	**22,741,640**	**1,057,430**	**17,663,278**	**41,462,348**

El Limon

As part of the acquisition of Colombia Milling ("CML") the Company acquired the El Limon gold mine held in Four Points Mining ("Four Points"). The mine is subject to a 3% NSR payable quarterly on gold production of at least 100 ton per day for 30 consecutive days, to a maximum of US$2,000,000. Upon reaching the US$2,000,000 NSR threshold, the NSR decreases to 0.05% payable to a maximum of US$1,000,000. As at June 30, 2019, the mine has not reached a commercial production.

North Otu Properties

On July 7, 2016, the Company announced through its newly incorporated 100% Colombian subsidiary, Zara Holdings S.A.S. ("Zara"), that it had entered into a Definitive Agreement (the "Agreement") with OTU Gold Ltd ("OTU") to acquire certain mining titles, as well as several mining applications, which are located within the Republic of Colombia, (collectively the "North Otu Properties"). The acquisition of the mining titles was recorded as an asset acquisition at cost. The mining titles and application of the North Otu Properties are the only assets of Zara.

The purchase of the North Otu Properties and the assignment and transfer to Zara of these properties includes all the rights and interests of OTU except for the rights pertaining to non-metallic minerals on the North Otu Properties. The purchase price is US$1,000,000 (the "Purchase Price") and will be paid to OTU as follows:

- US$500,000 non-refundable deposit (paid)
- US$250,000 payable July 7, 2017 (paid - $312,000)
- The issuance of 1,270,000 common shares of the Company. The shares were issued on September 9, 2016 and fair valued at $317,500

Additionally, Zara will pay a 2% NSR royalty from the sale of minerals produced from the North Otu Properties. The NSR will be calculated from the results of direct exploitation, through formalization contracts, or subcontracts of operations, or any figure that allows economic benefit as a result of the exploitation of minerals in these areas. Zara may, at its discretion at any time until June 28, 2021, reduce the NSR from 2% to 1%, paying the amount of US$1,000,000 to OTU. This amount will be constituted by US$750,000 in cash and US$250,000 by the issuance of that number of common shares of Para calculated based on the volume weighted average closing price of Para's shares on the Exchange for the five trading days immediately before reduction of the NSR.

Gold Road

(Unaudited - expressed in Canadian Dollars)

On August 23, 2017 the Company finalized an agreement to acquire 88% interest of the assets comprising the "Gold Road Mine ("Gold Road") located in Oatman, Arizona. The assets include all of the patented and unpatented claims, the existing mill site and water rights claims, the mining and milling equipment consisting of a 500 tonnes per day cyanide leach facility, the related buildings, vehicles and all assets comprising the facility. Gold Road was last an operating mine in June 2016. The Company accounted for the acquisition as an asset acquisition as Gold Road does not constitute a business. As at June 30, 2019, the mine has not reached a commercial production.

6. EXPLORATION AND EVALUATION ASSETS

Tucumã gold project

The Company owns a 100% interest in the Tucumã copper/gold exploration project, which is located in the Carajas metallogenic province in the State of Pará, Brazil. The annual fees for the concessions are approximately $16,500. 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.

	June 30, 2019	December 31, 2018
	$	$
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	2,241,832	1,741,450
Additions	59,631	275,157
Foreign exchange translation	410,993	225,225
Balance, end of the period	2,712,456	2,241,832
Total Acquisition Cost and Deferred Exploration Costs	**2,712,456**	**2,241,833**

Gold Road Project

On April 4, 2018, the Company entered into option agreements to acquire parcels of land adjacent to the Gold Road mine. The terms of option agreements are shown below:

Agreement	Max Term (Years)	License Fee Year 1, US$	License Fee Year 2, US$	License Fee Year 3, US$	License Fee Year 4, US$	Termination Date	Purchase Price US$
United Western to Telluride	4	50,000	75,000	100,000	200,000	4/3/2022	4,179,535
Blue Ridge	3	5,000	5,000	5,000	n/a	4/3/2021	347,490
United Western Extension	3	5,000	5,000	5,000	n/a	4/3/2021	365,910
Gold Ore	3	5,000	5,000	5,000	n/a	4/3/2021	375,000
Gold Road	3	5,000	5,000	5,000	n/a	4/3/2021	240,000
Silver Creek	2	5,000	5,000	n/a	n/a	4/3/2020	327,000
United Western	15	10,000	10,000	10,000	10,000	8/22/2032	900,000

(Unaudited - expressed in Canadian Dollars)

		85,000	**110,000**	**130,000**	**210,000**		**6,734,935**

The part of the option agreements cost includes up to 2,500,000 share purchase warrants of the Company, exercisable at the Company's discretion under a particular option agreement. No costs associated with the share purchase warrants were recognized in the consolidated financial statements because it is conditional upon exercise of option agreement(s) and the management cannot reliably estimate whether such options will be exercised and, if exercised, a number of share purchase warrants exercised.

	$
Balance, December 31, 2018	**102,315**
Additions	126,576
Foreign exchange translation	(6,619)
Balance, June 30, 2019	**222,272**

The Company paid the license fees of $126,576 (US$100,000 equivalent) on April 26, 2019.

7. PLANT AND EQUIPMENT

	Buildings	Machinery	Office equipment	Vehicles	Construction in progress	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2017	**825,498**	**9,122,020**	**77,304**	**103,696**	**-**	**10,128,518**
Additions	6,326	289,786	9,637	116,004	410,993	832,748
Transfers	-	207,892	-	19,043	(226,935)	-
Transfers*	3,095,479	(3,434,445)	10,663	328,303	-	-
Write-off	-	(148,462)	(1,813)	(3,315)		(153,591)
Foreign exchange	327,839	500,604	8,113	47,233	15,401	899,190
December 31, 2018	**4,255,142**	**6,537,395**	**103,904**	**610,964**	**199,459**	**11,706,865**
Additions	-	99,167	4,128	27,298	165,347	295,940
Transfers	121,910	-	-	-	(121,910)	-
Foreign exchange	(75,995)	(115,881)	(4,342)	(25,661)	(9,760)	(231,640)
June 30, 2019	**4,301,058**	**6,520,681**	**103,691**	**612,601**	**233,135**	**11,771,166**

	Buildings	Machinery	Office equipment	Vehicles	Construction in progress	Total
Accumulated Depreciation	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2017	**54,863**	**455,149**	**26,337**	**31,707**	**-**	**568,056**
Depreciation	40,531	468,013	14,220	17,579	-	540,343
Write-off	-	(108,799)	(1,813)	(3,315)	-	(113,927)
Foreign exchange	6,067	51,792	2,015	3,374	-	62,797
December 31, 2018	**101,461**	**866,155**	**40,759**	**48,895**	**-**	**1,057,269**
Depreciation	18,591	230,742	6,249	11,685	-	267,267
Foreign exchange	(4,388)	(30,962)	(1,719)	(2,213)	-	(39,283)

(Unaudited - expressed in Canadian Dollars)

June 30, 2019	**115,664**	**1,065,934**	**45,290**	**58,366**	**-**	**1,285,254**
Net Book Value						
December 31, 2018	**4,153,681**	**5,671,240**	**63,145**	**562,070**	**199,459**	**10,649,596**
June 30, 2019	**4,185,394**	**5,454,747**	**58,401**	**554,235**	**233,135**	**10,485,912**

*The Company made the assessment of the acquired assets pursuant to the Gold Road acquisition. As a result, some assets were reclassified from machinery to other categories (buildings, office equipment and vehicles).

During the six months ended June 30, 2019, $249,333 (2018 - $147,721) of depreciation was capitalized to mineral properties and $17,934 (2018 - $14,539) was recorded as depreciation expense.

8. LOANS

a) Convertible Subordinated Note

On August 3, 2018, the Company restructured the Conex loans, Conterra loan and Gold secured loan, whereby all outstanding loans and accrued interest, previously made to the Company and to its subsidiary Gold Road were converted into a five-year Convertible Subordinated Note, convertible into common shares of the Company. The face value of the convertible subordinated note is $11,996,078. The interest is compounded monthly at 12% and principal and compounded interest are repayable at the end of the term to Conex Services Inc., a related party. The principal may be converted into common shares of the Company at the following conversion prices:

- Between months 1-36 at $0.30 per common share
- Between months 37-60 at $0.40 per common share

On December 21, 2018, the Company restructured the remaining balance of the Conex loans.
The Company recognized a loss of $242,745 from debt extinguishment, which is included in loss from debt settlement in the statement of loss, due to transaction costs of $37,880 incurred and difference in value of loan extinguished and value of loan assumed.

	Conex Loans	**Conterra Loan**	**Gold Secured Loan**	**Total**
	$	**$**	**$**	**$**
Balance, December 31, 2017	**4,367,781**	**3,930,699**	**1,254,500**	**9,552,980**
Additions	1,101,460	-	-	1,101,460
Interest and accretion	654,505	297,750	-	952,255
Foreign exchange on translation	-	140,718	43,800	184,518
Fair value of the convertible subordinated note	(6,328,611)	(4,369,167)	(1,298,300)	(11,996,078)
Loss from debt extinguishment	204,865	-	-	204,865
Balance, December 31, 2018	**-**	**-**	**-**	**-**

Management used an effective interest rate of 24% to estimate the present value of a liability component ($6,715,636) of the convertible subordinated note, the residual value of $5,280,442 was classified as a contributed surplus on the statement of financial position.
The tax impact of $1,425,719 was recorded against the contributed surplus, see Note 19 for more details. The loan balances and changes up to June 30, 2019 were as follows:

(Unaudited - expressed in Canadian Dollars)

	$
Balance, December 31, 2017	**-**
Additions	6,715,636
Interest	582,144
Balance, December 31, 2018	**7,297,780**
Interest	941,529
Balance, June 30, 2019	**8,239,309**

Conex Loans
During the six months ended June 30, 2019 the Company received additional loans from Conex in the amount of $5,216,002; the loans do not have repayment terms and bear an interest rate of 1%. The loan balances and changes up to June 30, 2019 were as follows:

Balance, December 31, 2018	**-**
Proceeds	5,216,002
Interest and accretion	127,275
Balance, June 30, 2019	**5,759,247**

Conterra Loan
On August 4, 2017 the Company, through its wholly owned subsidiary Gold Road, entered into a loan agreement for US$2,000,000 with an annual interest rate of 12%, maturing on August 4, 2019. The Company received an additional US$1,000,000 on October 16, 2017 with an annual interest rate of 12%, maturing on August 4, 2019. The Company fair valued the loans at US$2,457,511 using a 24.5% discount rate.

Gold Secured Loan
On December 15, 2016 the Company entered into a Gold Secured Loan ("Gold Loan") in the amount of US$1,000,000 to be repaid over 12 months in gold deliveries commencing September 15, 2017. As per the terms of the agreement the Company will deliver 104 ounces of gold at each delivery date, assuming a gold price of $1,160, or the cash equivalent. The amount of each gold delivery will be based on the closing gold price at each delivery date and therefore the lender will not be exposed to any future gold price fluctuations. During the period ended December 31, 2017, the Company entered into an amended agreement to extend the gold repayments from September 15, 2017 to September 15, 2018.

Gold secured loan by a) a first priority security interest over the El Limon mine, concessions and property and equipment, b) pledge from Para Resources, the Guarantor, over its shares of the CML, the Borrower, c) any other security as may be reasonably required by Conex Services Inc., the Lender.

b) Helm Bank and Rayforte Loans

On April 1, 2018, the Helm Bank and the Rayforte loans, which were outstanding as at December 31, 2017, were by agreement settled with a minority shareholder in Four Points. As creditor was acting in the capacity of shareholder, the outstanding carrying amounts were transferred to equity. The loan balances and changes up to the date of debt settlement were as follows:

	Helm Bank Loan	Rayforte Loan	Total
	$	$	$
Balance, December 31, 2017	**5,752,419**	**1,331,418**	**7,083,837**

(Unaudited - expressed in Canadian Dollars)

Interest and accretion	55,335	99,702	155,037
Foreign exchange on translation	106,616	(3,941)	102,675
Transfer of the outstanding carrying amount to equity	(5,914,370)	(1,427,179)	(7,341,549)
Balance, December 31, 2018	**-**	**-**	**-**

As at December 31, 2017, Four Points had an outstanding interest-bearing loan of US$3,500,000 with the Helm Bank Colombia with a 5% annual interest rate and is due on demand.

Upon completing the acquisition of CML the Company assumed its loan payable to Rayforte of US$960,623 with an interest rate of 3% and an April 1, 2018 maturity date. The Company fair valued the loan using an effective interest of 24.5%.

c) Redrock Resources Loan

As part of the consideration paid by CML to acquire Four Points, CML issued a promissory note for US$1,000,000 with an annual interest rate of 5% payable on May 15, 2018. The Company valued the loan using an effective interest of 24.5%. The Company repaid $1,026,163 for cash ($526,163) and the issuance of 2,500,000 of shares ($500,000) during the year ended December 31, 2018 to settle the debt, the Company recorded a gain of $80,536 on the debt settlement. The loan payable at December 31, 2018 and December 31, 2017 and the changes for the periods then ended are as follows:

	$
Balance, December 31, 2017	**961,845**
Interest and accretion	106,406
Foreign exchange on translation of loan	38,448
Payment	(1,026,163)
Gain on debt settlement	(80,536)
Balance, December 31, 2018	**-**

d) Gold Road Loan

On August 23, 2017, as part of the consideration for the Gold Road Mine acquisition the Company issued a US$6,000,000 promissory note with annual principal repayments of US$1,000,000 maturing on August 23, 2023. Interest on the loan is only accrued if the Company defaults on a payment, at which time the interest rate would be 10% per annum. The Company measured the note using a discount rate of 10% and determined the value to be US$4,354,577 ($5,465,865). The Company repaid the note on August 3, 2018 and recognized a loss of $631,404. The loan payable at December 31, 2018 and December 31, 2017 and the changes for the periods then ended are as follows:

	$
Balance, December 31, 2017	**5,586,234**
Interest and accretion	206,242

(Unaudited - expressed in Canadian Dollars)

Foreign exchange on translation of loan	197,450
Loss on debt settlement	631,404
Repayment	(6,621,330)
Balance, December 31, 2018	**-**

9. PRE-PAID FORWARD GOLD PURCHASE LIABILITY

On August 3, 2018, the Company, along with its subsidiaries, Z79 Gold (USA) Corp. and Gold Road Mining Corp. (collectively, "Sellers") entered into a pre-paid forward gold purchase agreement (the "PPG Agreement"), with PPG Arizona Holdings LP, an entity affiliated with Pandion Mine Finance LP ("Pandion" or "Buyer"). Under the PPG Agreement, Pandion advanced US$14,450,000 (equivalent of $18,860,140) (the "Gold Prepayment Amount") to the Company, as pre-payment for the purchase of 44,100 ounces of gold from Para and its subsidiaries (the "Gold Financing"). No gold is required to be delivered by the Company during the first 12 months. Pandion would pay to the Company, together with each delivery of gold, an amount per ounce of gold equal to the market price at the time, less a specified discount of US$500. During the term of the PPG Agreement, Pandion also participates in the upside of any increase in the price of gold. Pandion may elect to reduce the Contract Quantity by up to 2,000 ounces in exchange for the issuance of up to 6,352,683 common shares of the Company. Under the terms of the PPG Agreement, the Company's obligations are secured by a first priority charge in favour of Pandion on all the assets of the Company and its subsidiary companies, Z79 Gold (USA) Corp., Gold Road Mining Corp., as well as pledges of the shares of Z79 Gold (USA) Corp. and Gold Road Mining Corp.

The use of proceeds of the gold prepayment amount under the PPG Agreement was to finance (i) re-payment of US$5,100,000 to Mojave Desert Minerals, LLC to extinguish the secured notes used in the acquisition of the Gold Road mine and processing facility in Arizona, U.S.A., (ii) the development and restart of the Gold Road mine, (iii) general working capital, and (iv) the payment of certain outstanding liabilities and/or debt of Para.

Pandion has an option to extend the term of financing from 54 to 66 months and an option to pay an additional prepayment amount up to US$5,550,000 in exchange for an additional tranche of gold quantities in its sole discretion.

PPG Arizona Holdings LP as lender withheld US$450,000 from Para in satisfaction of the non-refundable origination fee. This non-refundable origination fee along with other transaction costs incurred were expensed during the year ended December 31, 2018 and classified as financing expense in the consolidated statement of loss and comprehensive loss.

The Gold Prepayment agreements contains the following provisions which causes the contract to fail the own use exemption under IAS 32 – Financial instruments: presentation and accordingly the contract is accounted for as a derivative: liability and measured at fair value through profit and loss.

- Upside participation amount whereby Pandion participates in a portion of the upside of an increase in the price of gold; and
- Contract quantity exchange option whereby Pandion can elect to reduce the quantity of ounces to be delivered by up to 2,000 ounces on a pro-rata basis in exchange for 6,352,683 shares of Para, exercisable in increments of 100 ounces per 317,635 shares of the Company.

The derivative liability was initially recorded at fair value based on the value of the consideration paid to Pandion. The derivative liability is subsequently measured at fair value based on changes in the above provisions (upside participation and contract exchange amount) and outstanding prepayment amount using an implied discount rate of 23% with changes in fair value recognized in the consolidated statement of loss and comprehensive loss. The amount of the change in the fair value of the financial liability that is attributable to changes in credit risk is $Nil as the credit risk of the Company did not change between August 31, 2018 and June 30, 2019.

(Unaudited - expressed in Canadian Dollars)

The pre-paid forward gold purchase liability balance and changes during the six months ended June 30, 2019 and the year ended December 31, 2018 are as follows:

	$
Balance, December 31, 2017	**-**
Additions	18,860,140
Loss on revaluation of derivative	1,340,841
Foreign exchange translation	968,600
Balance, December 31, 2018	**21,169,581**
Loss on revaluation of derivative	2,010,766
Foreign exchange translation	(405,159)
Balance, June 30, 2019	**22,775,188**
Less: Current portion	(5,358,868)
Non-current portion	**17,416,320**

10. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

On February 15, 2018, the Company closed a non-brokered private placement (the "Private Placement") for total gross proceeds of $1,557,160. The Private Placement consisted of 7,785,800 units at a price of $0.20 per unit (each a "Unit"). Each Unit is 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 one common share of the Company for a period of 18 months at a price of $0.30, subject to an accelerated expiry if the closing trading price of the Company's shares is greater than $0.40 for a period of 10 consecutive trading days. The Company fair valued the warrants at $nil using the residual method, first allocating value to the common shares.

On June 5, 2018, the Company closed the first tranche of a non-brokered private placement consisting of 14,049,000 units (each a "PP Unit") at $0.20 per PP Unit for gross proceeds of $2,809,800. On June 29, 2018, the Company closed the second tranche consisting of 3,025,000 PP Units at $0.20 per PP Unit for gross proceeds of $605,000. Each PP Unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable for a period of 3 years from the date of issuance at an exercise price of $0.30, subject to certain acceleration clauses. The Company fair valued the warrants at $60,500 using the residual method, first allocating value to the common shares. The Company incurred cash financing costs of $57,269.

On May 3, 2019, the Company close a non-brokered private placement consisting of 29,025,667 units at $0.18 per PP Unit for gross proceeds of $5,224,620. Each PP Unit consists of one common share of the Company and one-half share purchase warrant.
Each warrant is exercisable for a period 1.5 years from the date of issuance at an exercise price of $0.25, subject to certain acceleration clauses. The Company fair value the warrants at $Nil using the residual method, first allocating value to the common shares. The Company incurred cash financing costs of $30,744.

Preferred shares

The Company issued 408,000 preferred shares at a par value of US$0.25 for gross proceeds of US$102,000 ($135,942 equivalent in Canadian dollars).

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 10 percent of the issued and outstanding common shares exercisable for a period not to exceed five years from the Company's listing date. The Company's stock options outstanding as at June 30, 2019 and December 31, 2018 and the changes for the six months ended June 30, 2019 are as follows:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Balance outstanding, December 31, 2018	11,240,000	0.21	2.97
Granted	210,000	0.15	5.00
Cancelled	(200,000)	0.15	5.00
Balance, June 30, 2019	**11,250,000**	**0.18**	**2.47**

During the six months ended June 30, 2019 the Company issued 210,000 (the six months ended 2018 – 2,000,000) stock options to employees with various vesting terms. The Company cancelled 200,000 stock options that were granted in the six months ended June 30, 2019. The Company fair valued the options using the Black-Scholes option pricing model using the following inputs:

	2019	2018
Risk free rate	1.48-1.90%	2.04%
Expected life	5 years	5 years
Expected volatility	112-144%	131%
Forfeiture rate	Nil	Nil
Expected dividends	Nil	Nil

Stock options outstanding and exercisable at June 30, 2019 are as follows:

Number of Options	Exercise Price $	Expiry Date

(Unaudited - expressed in Canadian Dollars)

2,000,000	0.09	October 28, 2019
340,000	0.22	December 19, 2019
600,000	0.05	December 30, 2019
300,000	0.22	July 1, 2020
925,000	0.09	January 28, 2021
800,000	0.22	October 28, 2021
300,000	0.25	January 10, 2022
858,333	0.15	December 14, 2022
2,000,000	0.23	February 23, 2023
250,000	0.23	May 10, 2023
500,000	0.30	July 3, 2023
10,000	0.19	March 22, 2024
8,883,333		

Warrants

The Company’s warrants outstanding as at June 30, 2019 and December 31, 2018 and the changes for the six months ended June 30, 2019 are as follows:

	Number of Warrants	**Exercise Price $**
Balance, December 31, 2018	25,055,900	0.29
Issued	14,971,107	0.25
Balance, June 30, 2019	40,027,007	0.28

Warrants outstanding as at June 30, 2019 were as follows:

Expiry Date	**Exercise Price $**	**Outstanding Warrants**
August 16, 2019	0.30	3,892,899
November 2, 2020	0.25	14,049,000
June 5, 2021	0.30	14,049,000
June 28, 2021	0.30	3,025,000
July 11, 2021	0.30	1,764,214
April 4, 2023	0.20	2,500,000
	0.30	40,027,007

Weighted average remaining contractual life is 1.86 years.

11. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties. The Company paid or accrued remunerations to its directors and officers during the three and six months ended June 30, 2019 and 2018 are as follows:

(Unaudited - expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Consulting fees	84,743	53,000	162,883	106,000
Salaries and benefits	141,040	95,822	325,190	191,644
Share-based compensation	9,374	-	18,747	378,862
	235,157	148,822	506,819	676,506

As at June 30, 2019 the Company had $320,911 (2018 - $39,390) in amounts owing to related parties. These amounts consisted of the following:

- $35,000 (2018 - $Nil) was owing to director and CEO of the Company. The liability does not bear an interest and due on demand. The balance is included in accounts payable and accrued liabilities.
- $Nil (2018 - $19,199) was owing to Goldsource Mines Inc., a company with common directors and officers. The debt was forgiven during the six months ended June 30, 2019, a resulting gain on debt forgiveness is included in other income.
- $23,252 (2018 - $23,252) was owing to a private company which is controlled by the director of the Company.
- $7,800 (2018 - $7,800) owed to the Company by a private entity controlled by CEO.
- $270,459 (2018 - $217,693) was due to the executive and director of the Company, the amounts owing are non-interest bearing and due on demand. This amount is included in accounts payable and accrued liabilities. The Company prepaid a consulting fee of $34,498 for administrative and consulting services to a private company controlled by the executive as at June 30, 2019.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.
To date, the Company has depended on external financing to fund its activities. The capital structure of the Company currently consists of equity attributable to shareholders of $12,465,836 (December 31, 2018 – $14,160,562). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Management reviews its capital management approach on a regular basis and there have been no changes to the Company's approach during the six months ended June 30, 2019. The Company is not subject to externally imposed capital requirements.

13. SEGMENTED DISCLOSURE

The Company has identified the following operating segments: the Colombian mines under development consisting of El Limon and North Otu, Gold Road property as mine under development and exploration and evaluation assets. The performance of the Company's operating segments for the six months ended June 30, 2019 and 2018 and the balances then ended are as follows.

As at and for the six months ended June 30, 2019:

	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total

	$	$	$	$	$
Net income (loss)	(635,825)	(2,461,914)	102,579	(2,801,351)	(5,796,511)
Total assets	31,013,925	23,085,685	2,594,955	139,195	56,833,760
Total liabilities	4,583,725	4,037,135	86,799	35,379,503	44,087,162

As at and for the six months ended June 30, 2018:

	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total
	$	$	$	$	$
Net income (loss)	6,445,964	(1,127,822)	-	(1,902,498)	3,415,644
Total assets	28,028,661	9,210,870	1,672,195	517,058	39,428,784
Total liabilities	2,772,809	6,560,818	30,063	14,014,109	23,377,799

14. SUBSEQUENT EVENTS

No material subsequent events occurred that required disclosure.