PARA RESOURCES INC.

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

For the Three Months Ended March 31, 2018 and 2017

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	March 31, 2018 $	December 31, 2017 $
ASSETS			
Current assets			
Cash		784,351	104,233
Receivables		27,960	18,350
Inventory		182,804	162,273
Prepaids	6	1,452,773	935,380
Total current assets		2,447,888	1,220,236
Non-current assets			
Mineral property	5,7	25,047,924	23,842,291
Exploration and evaluation assets	8	1,873,191	1,741,451
Plant and equipment	5,9	9,802,951	9,560,462
Total non-current assets		36,724,066	35,144,204
TOTAL ASSETS		39,171,954	36,364,440
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	18	1,841,487	2,075,345
Due to related parties	18	436,309	113,050
Gold secured loan	10	1,289,400	570,798
Loan Gold Road	16	971,667	1,141,091
Loans Conex	11	6,494,138	3,801,733
Loan Helm Bank	12	5,968,861	5,752,419
Loan Rayforte	14	1,440,327	1,331,418
Loan Redrock Resources	13	1,061,985	961,845
Total current liabilities		19,504,174	15,747,699
Deferred income tax liability		3,726,999	3,223,005
Gold secured loan	10	-	683,702
Loan Gold Road	5	4,858,336	4,445,143
Loans Conex	11	-	566,048
Loan Conterra	15	4,183,811	3,930,699
Total non-current liabilities		12,769,146	12,848,597
TOTAL LIABILITIES		32,273,320	28,596,296
EQUITY (DEFICIT)			
Share capital	17	22,589,876	21,032,716
Shares to be issued	17	-	765,382
Share option and warrant reserve	17	2,305,969	1,927,107
Deficit		(18,795,821)	(16,750,458)
Accumulated other comprehensive loss		(291,876)	(419,879)
Equity attributable to shareholders		5,808,148	6,554,868
Non-controlling interest		1,090,486	1,213,276
		6,898,634	7,768,144
TOTAL LIABILITIES AND EQUITY		39,171,954	36,364,440

Nature of operations and going concern (Note 1)
Subsequent events (Note 20)

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 Months Ended March 31, 2018 and 2017
(Unaudited - expressed in Canadian Dollars)

	Notes	**2018** **$**	**2017** **$**
Expenses			
Business investigation		-	95,415
Consulting	18	395,917	301,249
Depreciation	8	6,004	20,819
Investor relations		50,009	14,210
Office and miscellaneous	18	288,280	363,672
Professional fees		67,702	158,219
Regulatory and other filing fees		13,052	7,293
Salaries	18	348,342	278,585
Share-based compensation	18	378,862	580,242
Loss before other items		(1,548,168)	(1,819,704)
Interest expense	11-16	(703,050)	(399,589)
Gain on fair value of loan	11	46,114	30,633
Loss before other items		(2,205,104)	(2,188,660)
Other Comprehensive Income (Loss)			
Items that may be reclassified subsequently to profit or loss:			
Loss on translating foreign operations		164,954	48,393
Loss and Comprehensive Loss for the period		**(2,040,150)**	**(2,140,267)**
Loss for the period attributable to:			
Owners of the parent		(2,045,363)	(2,070,943)
Non-controlling interest		(159,741)	(117,717)
		(2,205,104)	(2,188,660)
Comprehensive loss for the period attributable to:			
Owners of the parent		(1,917,360)	(1,999,883)
Non-controlling interest		(122,790)	(140,384)
		(2,040,150)	(2,140,267)
Basic and Diluted Loss per Common Share		(0.01)	(0.02)
Weighted Average Number of Common Shares Outstanding		141,676,340	106,215,489

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 Three Months Ended March 31, 2018 and 2017
(Unaudited - expressed in Canadian Dollars)

	Share Capital							
	Number of Shares	Amount	Share option and warrant reserve	Shares to be issued	Deficit	AOCI	NCI	Total
		$	$	$	$	$	$	$
Balance as at December 31, 2016	**105,588,074**	**14,698,982**	**1,353,316**	**50,000**	**(9,012,356)**	**(4,636)**	**1,303,515**	**8,388,821**
Share-based payments	-	-	580,242	-	-	-	-	580,242
Warrant exercise	1,426,283	282,790	-	-	-	-	-	282,790
Transfer value on warrant exercise	-	5,663	(5,663)	-	-	-	-	-
Loss for the period	-	-	-	-	(2,070,943)	-	(117,717)	(2,188,660)
Other comprehensive income for the period	-	-	-	-	-	71,060	(22,667)	48,393
Balance as at March 31, 2017	**107,014,357**	**14,987,435**	**1,927,895**	**50,000**	**(11,083,299)**	**66,424**	**1,163,131**	**7,111,586**
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	7,785,800	1,557,160	-	(765,382)	-	-	-	791,778
Share-based payments on options granted	-	-	378,862	-	-	-	-	378,862
Loss for the period	-	-	-	-	(2,045,363)	-	(159,741)	(2,205,104)
Other comprehensive income for the period	-	-	-	-	-	128,003	36,951	164,954
Balance as at March 31, 2018	**145,569,240**	**22,589,876**	**2,305,969**	**-**	**(18,795,821)**	**(291,876)**	**1,090,486**	**6,898,634**

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 Three Months Ended March 31, 2018 and 2017
(Unaudited - expressed in Canadian Dollars)

	2018 $	2017 $
OPERATING ACTIVITES		
Loss for the period	(2,205,104)	(2,188,659)
Non-cash items:		
Gain on fair value of loan	(46,114)	(30,633)
Depreciation	6,004	20,819
Interest on loan	721,133	365,439
Unrealized foreign exchange	393,686	240,016
Changes in non-cash working capital items:		
Receivables	(9,610)	(12,963)
Prepaid expenses	(517,393)	85,514
Accounts payable and accrued liabilities	(233,859)	1,286,075
Due from related parties	323,259	151,839
Inventory	(20,531)	91,768
	(1,588,529)	9,215
FINANCING ACTIVITIES		
Issuance of shares	791,778	282,790
Share based compensation	378,862	580,242
Gold Secured Loan	-	(10,500)
Loan Conex	1,906,050	200,000
	3,076,690	1,052,532
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(80,755)	(104,461)
Mineral property costs	(672,158)	(1,262,149)
Purchase of equipment	(55,130)	(352,962)
	(808,043)	(1,719,572)
Foreign exchange effect on cash	-	2,292
INCREASE (DECREASE) IN CASH DURING THE PERIOD	680,118	(655,533)
CASH, BEGINNING OF THE PERIOD	104,233	894,915
CASH, END OF THE PERIOD	784,351	239,382

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 450-1090 Georgia Street, Vancouver, British Columbia, V6C 3V7.

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 March 31, 2018, the Company had an accumulated deficit of $18,795,821 (2017 – $16,750,458). For the period ended March 31, 2018, the Company incurred a loss of $2,040,150 (2017 - $2,140,267), had negative cash flow from operations amounting to $1,588,529 (2017 – positive cash flow from operations amounting to $9,215) and had a working capital deficit of $17,056,286 (2017 - deficit of $14,527,463). 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. 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 fifteen months ended December 31, 2017, 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 period ended December 31, 2017 except as outlined below. These condensed interim consolidated financial statements were approved by the board of directors for use on May ##, 2018.

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

The following accounting standards were adopted during the period ended March 31, 2018:

IFRS 9, Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

IFRS 15, Revenue from Contracts with Customers
This standard 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. IFRS 15 became effective for the Company on January 1, 2018. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

The following standard has been issued but is not yet effective:

IFRS 16, Leases
IFRS 16 specifies how an IFRS reporter will recognize, measure, present and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact the new guidance is expected to have on its consolidated financial statements.

4. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these condensed interim 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, 2017.

(Unaudited - expressed in Canadian Dollars)

5. ACQUISITION OF GOLD ROAD

On August 23, 2017, the Company finalized an agreement to acquire an 88% interest in all of the assets comprising the Gold Road Mine ("Gold Road") located in Oatman Arizona. The assets include all of the patented and unp atented 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. It is a set of separate inputs that will require several processes to allow for these inputs to be converted into a business. This is represented by the Preliminary Economic Assessment that has been commissioned and rehabilitation work to the Mill and Mine that will be required, to allow for start-up.

The consideration for the assets is as follows:

- $767,540 USD paid on closing ($963,416)
- $6,000,000 USD promissory note with annual principal repayments of $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 fair value to be $4,354,577USD ($5,465,865)
- The Company has also granted a 2% NSR on all Gold Road mined products and a 1% NSR on all Gold Road processed products.

The Company incurred $279,953USD ($351,398) of acquisition costs which are capitalized. The allocation of the total purchase price of $6,780,679 is as follows:

Allocation of Purchase Price	**$**
Mining equipment	4,040,865
Gold Road mineral property	3,664,451
Non-controlling interest	(924,637)
Total	**6,780,679**

The Company has recorded the mining equipment as plant and equipment.

6. PREPAIDS

As at March 31, 2018 the Company's prepaid amounts consist of the following:

	March 31, 2018	**December 31, 2017**
	$	**$**
Investor relations	299,355	291,467
Advances to suppliers	844,904	545,447
Advances to employees	-	-
Other advances	153,176	93,466
Reclamation	153,338	-
Insurance	2,000	5,000
Total prepaids	**1,452,773**	**935,380**

(Unaudited - expressed in Canadian Dollars)

7. MINERAL PROPERTY

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

As at March 31, 2018 the Company's mineral property balance consisted of the following

	El Limon	North Otu	Gold Road	Total
	$	$	$	$
Balance, September 30, 2016	**15,189,475**	**-**	**-**	**15,189,475**
Acquisition of Gold Road	-	-	3,664,451	3,664,451
Acquisition cost North Otu	-	312,000	-	312,000
Transfer from Exploration assets	-	973,895	-	973,895
Development costs	4,164,773	72,500	24,994	4,262,267
Foreign exchange translation	(531,889)	(25,864)	(2,044)	(559,797)
Balance, December 31, 2017	**18,822,359**	**1,332,531**	**3,687,401**	**23,842,291**
Development costs	428,821	-	426,372	855,193
Foreign exchange translation	208,751	30,812	110,876	350,439
Balance, March 31, 2018	**19,459,931**	**1,363,343**	**4,224,649**	**25,047,923**

El Limon
As part of the acquisition of CML the Company acquired the El Limon gold mine held in 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 USD$2,000,000. Upon reaching the USD$2,000,000 NSR threshold, the NSR decreases to 0.05% payable to a maximum of USD$1,000,000.

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.

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During the period ended December 31, 2017 the Company decided to transfer $973,895 from exploration and evaluation specifically related to the North Otu properties to Mineral Properties. This transfer gave effect to the fact that ore that will be processed on the North Otu Properties and sold and processed at El Limon through the formalization contract process.

8. 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.

	March 31, 2018	December 31, 2017
	$	$
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	1,741,451	1,509,409
Addition during the period		
Assays	-	1,468
Consulting	33,584	213,487
Field supplies	5,313	56,627
Licenses	16,082	22,392
Miscellaneous	-	-
Personnel	12,285	59,552
Project administration	10,656	93,933
Vehicle expenses	2,835	23,947
Foreign exchange on mineral property	50,984	(239,365)
Total additions during the period	131,739	232,041
Balance, end of the period	1,873,190	1,741,450
Total Acquisition Cost and Deferred Exploration Costs	**1,873,191**	**1,741,451**

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").

On December 30, 2016, the Company announced that it and its wholly owned Brazilian subsidiary Angra Metals Mineração Ltda. Have entered into a Mutual Release Agreement and Amendment Agreement to the Mutual Release Agreement (together the "Settlement Agreements") with Sercor Ltd. ("Sercor"), Mineração Iraja S/A (the "Vendor") and Mineracao Gradaus Ltda and Brason Consultoria Inportacao Exportacao Ltda (together the "Royalty Holders"), under which the parties have terminated the Mineral Rights Purchase and Sale Agreement dated September 8, 2014 (the "Acquisition Agreement") whereby the Company through

(Unaudited - expressed in Canadian Dollars)

Angra was to acquire a 100% right, title and interest in and to the Cumaru-Gradaús Gold Project located in Para State, Brazil (the "Project"), as well as subsequent acknowledgement agreement (the "Acknowledgment Agreement") with Sercor, under which the Vendor assigned to Sercor its right to receive the share consideration from the Company under the Acquisition Agreement. The Company issued 1,250,000 common shares in connection with the settlement; the shares were fair valued at $337,500 and recorded as a loss on property settlement.

9. PLANT AND EQUIPMENT

	Buildings and construction	Machinery	Office equipment	Vehicles	Total
Cost	**$**	**$**	**$**	**$**	**$**
Balance, September 30, 2016	**760,232**	**4,751,719**	**47,414**	**104,685**	**5,664,050**
Additions	97,767	4,570,441	32,934	3,094	4,704,236
Foreign exchange	(32,501)	(200,140)	(3,044)	(4,083)	(239,768)
Balance, December 31, 2017	**825,498**	**9,122,020**	**77,304**	**103,696**	**10,128,518**
Additions	-	54,133	997	-	55,130
Foreign exchange	22,903	254,893	2,172	2,877	282,845
Balance, March 31, 2018	**848,401**	**9,431,046**	**80,473**	**106,573**	**10,466,493**

	Buildings and construction	Machinery	Office equipment	Vehicles	Total
Accumulated Depreciation	**$**	**$**	**$**	**$**	**$**
Balance, September 30, 2016	**19,072**	**238,578**	**6,296**	**520**	**264,466**
Depreciation	38,221	231,276	21,402	33,304	324,203
Foreign exchange	(2,430)	(14,705)	(1,361)	(2,117)	(20,613)
Balance, December 31, 2017	**54,863**	**455,149**	**26,337**	**31,707**	**568,056**
Depreciation	10,244	61,916	4,256	1,748	78,164
Foreign exchange	2,270	13,722	943	387	17,322
Balance, March 31, 2018	**67,377**	**530,787**	**31,536**	**33,842**	**663,542**
Net Book Value					
December 31, 2017	**770,635**	**8,666,871**	**50,967**	**71,989**	**9,560,462**
March 31, 2018	**781,024**	**8,900,259**	**48,937**	**72,731**	**9,802,951**

During the three months ended March 31, 2018, $72,160 (2017 - $296,017) of depreciation was capitalized to mineral properties and $6,004 (2017 - $39,761) was recorded as depreciation expense.

10. GOLD SECURED LOAN

On December 15, 2016, the Company entered into a Gold Secured Loan ("Gold Loan") in the amount of $1,000,000 USD 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.

(Unaudited - expressed in Canadian Dollars)

As the Company`s expected future production of gold ounces will be sufficient to meet the repayment terms and the Company`s intention is to make each payment via gold delivery and not cash payments, the loan is not considered a financial instrument and is accounted for as a prepayment of future gold delivery.

11. LOANS CONEX

During the period 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. 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%.

On April 7, 2016, the Company entered into a Credit Facility Agreement (the "facility") with Conex, whereby Conex has made available to the Company a revolving credit line in the amount of up to $3,000,000. The facility bears interest at 12% annually and each drawdown on the facility will be secured by a promissory note in favour of Conex. All of the Company's outstanding loans, which amounted to $3,038,813, with Conex were transferred into the facility on April 7, 2016, bearing interest at 12% per annum, with the principal and accrued interest due on August 31, 2018. The Company issued 2,200,000 bonus common shares for the credit facility; the shares were fair valued at $704,000 and recorded as a financing cost to be accreted over the life of the loan using an effective interest rate of 24.5%.

During the period ended December 31, 2017, the Company received additional loans from Conex in the amount of $535,650; the loans are repayable on December 31, 2019 and bear interest at 12% per annum. There were no financing costs associated with the loans. The Company measured the loans using a discounted cash flow model using a discount rate of 24.5%, the loan was recorded at a value of $451,934 and the Company recorded a $83,716 gain on the fair value of the loan.

During the three months ended March 31, 2018, the Company received an additional $1,906,050 in loans from Conex. The loans were fair valued at $1,859,936 and have the same repayment terms as the previous loans.

The loans payable at March 31, 2018 and December 31, 2017, and the changes for the periods then ended are as follows:

	$
Balance, September 30, 2016	**2,866,689**
Fair value loan received	451,934
Interest and accretion	1,049,158
Balance, December 31, 2017	**4,367,781**
Fair value loan received	1,859,936
Interest and accretion	266,421
Balance, March 31, 2018	**6,494,138**

(Unaudited - expressed in Canadian Dollars)

12. HELM BANK LOAN

As at March 31, 2018, Four Points had an outstanding interest-bearing loan of $3,500,000USD with the Helm Bank Colombia with a 5% annual interest rate and is due on demand. As at December 31, 2017 the Company has accrued interest payable of $1,085,427USD (September 30, 2016 - $881,261).

	$
Balance, September 30, 2016	**5,739,451**
Interest	263,947
Foreign exchange on translation of loan	(250,979)
Balance, September 30, 2016	**5,752,419**
Interest	55,335
Foreign exchange on translation	161,107
Balance, March 31, 2018	**5,968,861**

13. LOAN PAYABLE REDROCK RESOURCES

As part of the consideration paid by CML to acquire Four Points, CML issued a promissory note for $1,000,000USD with an annual interest rate of 5% payable on May 15, 2018. The Company measured the loan using an effective interest of 24.5% and determined the fair value of the loan to be $952,818. The loan payable at March 31, 2018 and December 31, 2017, and the changes for the periods then ended are as follows:

	$
Balance, September 30, 2016	**987,568**
Payment	(324,425)
Interest and accretion	339,809
Foreign exchange on translation of loan	(41,107)
Balance, December 31, 2017	**961,845**
Interest and accretion	71,981
Foreign exchange on translation of loan	28,159
Balance, March 31, 2018	**1,061,985**

(Unaudited - expressed in Canadian Dollars)

14. LOAN PAYABLE RAYFORTE

Upon completing the acquisition of CML the Company assumed its loan payable to Rayforte of $960,623USD 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% and determined the fair value of the loan to be $852,105. The loan payable at March 31, 2018 and December 31, 2017 and the changes for the periods then ended are as follows:

	$
Balance, September 30, 2016	**963,386**
Interest and accretion	434,855
Foreign exchange on translation of loan	(66,823)
Balance, September 30, 2016	**1,331,418**
Interest and accretion	99,702
Foreign exchange translation	9,207
Balance, March 31, 2018	**1,440,327**

15. LOAN CONTERRA

On August 4, 2017, the Company, through its wholly owned subsidiary Gold Road, entered into a loan agreement for $2,000,000 USD with an annual interest rate of 12%, maturing on August 4, 2019. The Company received an additional $1,000,000 USD on October 16, 2017 with an annual interest rate of 12%, maturing on August 4, 2019. The Company measured the loans at $3,000,000 USD using a 12% discount rate.

	$
Balance, September 30, 2016	**-**
Additions	3,763,500
Interest	167,199
Foreign exchange on translation of loan	-
Balance, December 31, 2017	**3,930,699**
Interest and accretion	141,018
Foreign exchange on translation of loan	112,094
Balance, March 31, 2018	**4,183,811**

(Unaudited - expressed in Canadian Dollars)

16. LOAN GOLD ROAD

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 $1,000,000 maturing on August 23, 2023. Interest on the loan is only accord if the Company defaults on a payment, at a 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 loan payable at March 31, 2018 and December 31, 2017 and the changes for the periods then ended are as follows:

	$
Balance, September 30, 2016	**-**
Additions	5,465,865
Interest	127,186
Foreign exchange on translation of loan	(6,817)
Balance, December 31, 2017	**5,586,234**
Interest and accretion	86,674
Foreign exchange on translation of loan	157,095
Balance, March 31, 2018	**5,830,003**

17. 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.

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 following is a continuity schedule of outstanding options for the reporting period.

(Unaudited - expressed in Canadian Dollars)

The Company's stock options outstanding as at March 31, 2018 and December 31, 2017 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 outstanding and exercisable at December 31, 2017	5,265,000	0.18	2.54
Granted	2,000,000	0.23	4.90
Balance, March 31, 2018	**7,265,000**	**0.19**	**3.01**

During the three months ended March 31, 2018 the Company issued 2,000,000 (2017 – 3,440,000) options to directors and consultants, vesting immediately. The Company fair valued the options at $378,862 (2017 - $580,242) using the Black-Scholes option pricing model using the following inputs:

	2018	2017
Risk free rate	2.04%	0.79%
Expected life	5 years	3 – 5 years
Expected volatility	131%	126%
Forfeiture rate	Nil	Nil
Expected dividends	Nil	Nil

Stock options outstanding and exercisable at March 31, 2018 are as follows:

Number of Options	Exercise Price $	Expiry Date
2,000,000	0.22	October 28, 2019
340,000	0.20	December 19, 2019
600,000	0.05	December 30, 2019
300,000	0.25	July 1, 2020
925,000	0.09	January 28, 2021
800,000	0.22	October 28, 2021
300,000	0.18	January 10, 2022
2,000,000	0.23	February 23, 2023
7,265,000	0.19	

(Unaudited - expressed in Canadian Dollars)

Warrants
The Company's warrants outstanding as at March 31, 2018 and December 31, 2017 and the changes for the periods then ended are as follows:

	Number of Warrants	Exercise Price $
Balance, December 31, 2017	13,585,313	0.30
Issued	3,892,900	0.30
Balance, March 31, 2018	17,478,213	0.30

Warrants outstanding as at March 31, 2018 were as follows:

Outstanding Warrants	Exercise Price $	Expiry Date
4,147,688	0.30	October 28, 2018
1,825,000	0.30	November 19, 2018
7,612,625	0.30	December 15, 2018
3,892,900	0.30	August 15, 2019
17,478,213	0.30	

Weighted average remaining contractual life is 0.82 years.

18. 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 periods ended March 31, 2018 and 2017 are as follows:

	March 31, 2018 $	March 31, 2017 $
Consulting fees paid to a director	66,243	143,129
Salaries	157,727	117,044
Share-based compensation	378,862	-
	603,832	260,173

As at March 31, 2018 the Company had $436,309 (2016 - $113,050) in amounts owing to related parties. These amounts consisted of the following:

- $219,505 (2017 - $52,907) was owing to a Geoff Hampson, director and CEO of the Company, and a private company controlled by him, $17,823 of the amount owing bear interest at 1% per month, compounded monthly and due on demand. The remainder of the amounts are non-interest bearing and incurred in normal course of business. During the period ended March 31, 2018 the Company also paid $9,000 of office rent to a Company controlled by Geoff Hampson (2017 - $nil).
- $19,199 (2017 - $19,199) was owing to Goldsource Mines Inc., a company with common directors and officers.
- $46,900 (2017 – nil) was due to Ian Harris, President and Director of the Company, the amounts owing are non-interest bearing and due on demand.

- $150,704 (2017 - $70,730) was due to Randy Martin, COO and Director of the Company, the amounts owing are non-interest bearing and due on demand.

Compensation paid to key management personal for the periods ended March 31, 2018 and 2017 is identical to the table above.

19. 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 $5,808,148 (December 31, 2017 – $6,554,868). 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 period ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

(Unaudited - expressed in Canadian Dollars)

20. SEGMENTED DISCLOSURE

The Company manages its operating segments by reviewing each individual resource project and segregates the projects between properties under development and exploration properties.

Operating segment:
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 three months ended March 31, 2018 and 2017 and as at March 31, 2018 and December 31, 2017 is as follows.

As at and for the three months ended March 31, 2018

	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total
	$	$	$	$	$
Loss for the period	388,510	683,685	-	1,132,909	2,205,104
Salaries	104,248	-	-	244,094	348,342
Consulting	-	355,122	-	40,795	395,917
Investor relations	-	-	-	50,009	50,009
Interest expense	210,803	227,692	-	264,555	703,050
Depreciation	6,004	-	-	-	6,004
Current assets	1,368,479	249,677	11,031	818,700	2,447,888
Non-current assets	26,475,260	8,375,615	1,873,191	-	36,724,066
Total assets	27,843,739	8,625,292	1,884,222	818,700	39,171,954
Current liabilities	11,012,828	1,457,298	36,669	6,997,379	19,504,174
Non-current liabilities	-	9,042,147	-	3,726,999	12,769,145
Total liabilities	11,012,828	10,499,445	36,669	10,724,378	32,273,320

As at December 31, 2017 and for the three months ended March 31, 2017

	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total
	$	$	$	$	$
Loss for the period	601,334	-	-	1,587,329	2,188,660
Salaries	137,003	-	-	141,582	278,585
Consulting	-	-	-	301,249	301,249
Interest expense	219,628	-	-	179,961	399,589
Depreciation	20,819	-	-	-	20,819
Current assets	582,040	217,124	12,197	408,875	1,220,236
Non-current assets	25,676,740	7,726,013	1,741,451	-	35,144,204
Total assets	26,258,780	7,943,137	1,753,648	408,875	36,364,440
Current liabilities	9,960,034	1,489,627	48,224	4,249,814	15,747,699
Non-current liabilities	683,702	8,375,842	-	3,789,053	12,848,597
Total liabilities	10,643,736	9,865,469	48,224	8,038,867	28,596,296

(Unaudited - expressed in Canadian Dollars)

Geographic segment:
The Company's assets and liabilities as at March 31, 2018 and 2017 and the Company's expenses by geographic area for the periods ended March 31, 2018 and December 31, 2017 are as follows:

	As at and for the three months ended March 31, 2018				
	Colombia	**USA**	**Brazil**	**Canada**	**Total**
	$	**$**	**$**	**$**	**$**
Current assets	1,368,479	249,677	11,031	818,701	2,447,888
Exploration and evaluation asset	-	-	1,873,191	-	1,873,191
Plant and equipment	5,651,986	4,150,965	-	-	9,802,951
Mineral properties	20,823,274	4,224,650	-	-	25,047,924
Total assets	27,843,739	8,625,292	1,884,222	818,701	39,171,954
Current liabilities	11,012,828	1,457,298	36,669	6,997,379	19,504,174
Non-current liabilities	-	9,042,147	-	3,726,999	12,769,146
Total liabilities	11,012,828	10,499,445	36,669	10,724,378	32,273,320
Expenses	522,238	455,993	-	569,937	1,548,168
Other expenses	210,803	227,692	-	218,441	656,936
Net loss	733,041	683,685	-	788,378	2,205,104

	As at December 31, 2017 and for the three months ended March 31, 2017				
	Colombia	**USA**	**Brazil**	**Canada**	**Total**
	$	**$**	**$**	**$**	**$**
Current assets	582,040	217,124	12,197	408,875	1,220,236
Exploration and evaluation asset	-	-	1,741,451	-	1,741,451
Plant and equipment	5,521,850	4,038,612	-	-	9,560,462
Mineral properties	20,154,890	3,687,401	-	-	23,842,291
Total assets	26,258,780	7,943,137	1,753,648	408,875	36,364,440
Current liabilities	9,960,034	1,489,627	48,224	4,249,814	15,747,699
Non-current liabilities	683,702	8,375,842	-	3,789,053	12,848,597
Total liabilities	10,643,736	9,865,469	48,224	8,038,867	28,596,296
Expenses	679,118	-	-	1,140,586	1,819,704
Other expenses	219,628	-	-	149,328	368,956
Net loss	898,746	-	-	1,289,914	2,188,660

21. SUBSEQUENT EVENTS

On April 11, 2018, the Company announced that an NI 43-101 Technical Report entitled "2018 Technical Report on the Oatman Gold District Properties" dated April 10, 2018 and authored by James R. Guilinger, a Qualified Person under NI 43-101 was filed on SEDAR and is available for review. The Oatman Gold District Properties include multiple option agreements that Para has secured and staked that are in addition to the adjacent Gold Road Mine property that is the subject of the updated NI 43-101 Technical Report filed on SEDAR February 16, 2018.

Some selected highlights from the report:

- Para has secured option agreements with various property owners covering 69 patented and 2 unpatented claims. In addition, Para has staked an additional 72 unpatented claims surrounding these patented claims. This land package covers all the known significant historical mines in the Tr-Ue vein system.

- Historical production from these claims on the Tr-Ue vein system was 1,930,000 tons at an average grade of 21.4 grams per ton, yielding 1,324,230 ounces of gold between 1897 and 1940.

On May 1, 2018 the announced the results of an independent Preliminary Economic Assessment study ("PEA") under National Instrument 43-101 ("NI 43-101") by RPM Global on the Gold Road mine, in Oatman, Az.

Gold Road PEA Highlights

- Pre-tax Net Present Value ("NPV") at a 5% discount rate of US$81.3 million and Internal Rate of Return ("IRR") of 238%
- Post-Tax NPV at a 5% discount rate of US$56.7 million and IRR of 174%
- Pre-tax Net Cash Flow of US$104.0 million.
- Undiscounted cash flow after income and mining tax of US$72.9 million
- Payback period of 1.5 years
- Initial capital of US$5.7 million

On May 24th, 2018 the company announced that it has arranged a non-brokered private placement (the "Private Placement") for total gross proceeds of up to C$6,400,000. The Private Placement will consist of up to 32,000,000 units at a price of C$0.20 per unit (each a "Unit"). Each Unit is comprised of one common share of the Company and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company for a period of 3 years at a price of C$0.30, subject to an accelerated expiry if the closing trading price of the Company's shares is greater than C$0.40 per share for a period of 10 consecutive trading days (the "Acceleration Event").