PARA RESOURCES INC.

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

For the Three and Six Months Ended March 31, 2017 and February 29, 2016

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, 2017 $	September 30, 2016 $
ASSETS			
Current assets			
Cash		239,382	955,107
Receivables		19,930	46,039
Inventory		180,250	209,288
Prepaids	5	337,549	418,878
Total current assets		777,111	1,629,312
Non-current assets			
Mineral property	6	17,419,512	15,189,475
Exploration and evaluation assets	7	2,685,083	2,483,305
Plant and equipment	8	5,733,730	5,399,584
Total non-current assets		25,838,325	23,072,364
TOTAL ASSETS		26,615,436	24,701,676
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	15	2,546,069	1,150,389
Due to related parties	15	269,199	105,623
Loan Helm bank	11	5,953,089	5,739,451
Loan Redrock resources	12	61,111	27,291
Total current liabilities		8,829,468	7,022,754
Deferred income tax liability		3,475,767	3,616,852
Gold secured loan	9	1,332,200	-
Loans payable	10	3,704,526	2,866,689
Loan Rayforte	13	1,103,510	963,386
Loan Redrock Resources	12	1,058,379	960,277
Total non-current liabilities		10,674,382	8,407,204
TOTAL LIABILITIES		19,503,850	15,429,958
EQUITY (DEFICIT)			
Share capital	14	14,987,435	14,361,482
Shares to be issued	14	50,000	50,000
Share option and warrant reserve	14	1,927,895	1,353,316
Deficit		(11,083,299)	(8,758,585)
Accumulated other comprehensive loss		66,424	(84,564)
Equity attributable to shareholders		5,948,455	6,921,649
Non-controlling interest	2	1,163,131	2,350,069
		7,111,586	9,271,718
TOTAL LIABILITIES AND EQUITY (DEFICIT)		26,615,436	24,701,676

Nature of operations and going concern (Note 1)
Subsequent events (Note 19)

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 March 31, 2017 and February 29, 2016
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended March 31, 2017 $	Three months ended February 29, 2016 $	Six Months ended March 31, 2017 $	Six Months ended February 29, 2016 $
Expenses					
Business investigation		95,415	144,337	95,415	210,690
Consulting	15	301,249	57,500	506,155	264,250
Depreciation	8	20,819	-	39,761	-
Investor relations		14,210	-	48,835	-
Office and miscellaneous	15	363,672	75,765	569,098	142,052
Professional fees	15	158,219	94,898	245,420	126,858
Regulatory and other filing fees		7,293	39,825	11,425	41,700
Salaries		278,585	-	448,424	-
Share-based compensation		580,242	72,608	580,242	72,608
Loss before other items		(1,819,704)	(484,933)	(2,544,775)	(858,158)
Interest expense	10-13	(399,589)	(94,205)	(767,787)	(211,750)
Gain on debt settlement		-	557,540	-	557,540
Gain on fair value of loan		30,633	-	90,077	-
Loss on property settlement		-	-	(337,500)	-
Loss for the period		(2,188,660)	(21,598)	(3,559,985)	(512,368)
Other Comprehensive Income (Loss) Items that may be reclassified subsequently to profit or loss:					
Loss on translating foreign operations		48,393	1,028	199,321	749
Loss and Comprehensive Loss for the period		**(2,140,267)**	**(20,570)**	**(3,360,664)**	**(511,619)**
Loss for the period attributable to:					
Owners of the parent		(2,070,943)	(21,598)	(3,346,570)	(512,368)
Non-controlling interest		(117,717)	-	(213,415)	-
		(2,188,660)	(21,598)	(3,559,985)	(512,368)
Comprehensive loss for the period attributable to:					
Owners of the parent		(1,999,883)	(20,570)	(3,195,582)	(511,619)
Non-controlling interest		(140,384)	-	(165,082)	-
		(2,140,267)	(20,570)	(3,360,664)	(511,619)
Basic and Diluted Loss per Common Share		(0.02)	(0.00)	(0.03)	(0.02)
Weighted Average Number of Common Shares Outstanding		106,215,489	38,652,442	105,280,202	32,258,812

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 March 31, 2017 and February 29, 2016
(Unaudited - expressed in Canadian Dollars)

	Share Capital								
	Number of Shares	Amount	Share option and warrant reserve	Contributed Surplus	Shares to be issued	Deficit	AOCI	NCI	Total
		$	$	$	$	$	$	$	$
Balance as at August 31, 2015	25,923,825	2,771,654	301,482	3,146,108	-	(6,788,526)	(23,810)	-	(593,092)
Shares issued pursuant to private placement	3,453,333	329,805	55,260	-	-	-	-	-	385,065
Shares issued for debt settlement	26,096,666	2,137,733	464,332	-	-	-	-	-	2,602,065
Shares issued pursuant to warrant exercise	14,285	1,429	-	-	-	-	-	-	1,429
Share-based payments on options granted	-	-	72,608	-	-	-	-	-	72,608
Net loss for the period	-	-	-	-	-	(512,368)	-	-	(512,368)
Other comprehensive loss for the period	-	-	-	-	-	-	749	-	749
Balance as at February 29, 2016	55,488,109	5,240,621	893,682	3,146,108	-	(7,300,894)	(23,061)	-	1,956,456
Shares issued pursuant to private placement	6,378,332	800,462	523,808	-	-	-	-	-	1,324,270
Issue costs	-	(115,162)	46,777	-	-	-	-	-	(68,385)
Bonus shares issued for credit facility	2,200,000	704,000	-	-	-	-	-	-	704,000
Shares issued for deferred acquisition	1,270,000	317,500	-	-	-	-	-	-	317,500
Shares to be issued	-	-	-	-	50,000	-	-	-	50,000
Shares issued pursuant to warrant exercise	23,956,150	3,554,675	-	-	-	-	-	-	3,554,675
Shares issued pursuant to option exercise	1,832,143	157,214	-	-	-	-	-	-	157,214
Transfer value on option exercise	-	66,638	(66,638)	-	-	-	-	-	-
Transfer value on warrant exercise	-	464,332	(464,332)	-	-	-	-	-	-
Acquisition of Colombia Milling	13,213,340	3,171,202	420,019	(3,146,108)	-	(64,512)	-	2,588,701	2,969,302
Loss for the period	-	-	-	-	-	(1,393,179)	-	(222,509)	(1,615,688)
Other comprehensive income for the period	-	-	-	-	-	-	(61,503)	(16,123)	(77,626)
Balance as at September 30, 2016	104,338,074	14,361,482	1,353,316	-	50,000	(8,758,585)	(84,564)	2,350,069	9,271,718

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 (cont.)
For the Six Months Ended March 31, 2017 and February 29, 2016
(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 September 30, 2016	104,338,074	14,361,482	1,353,316	50,000	(8,758,585)	(84,564)	2,350,069	9,271,718
Shares issued pursuant to property settlement	1,250,000	337,500	-	-	-	-	-	337,500
Acquisition of Non-controlling interest	-	-	-	-	1,021,856	-	(1,021,856)	-
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	-	-	-	-	(3,346,570)	-	(213,415)	(3,559,985)
Other comprehensive income for the period	-	-	-	-	-	150,988	48,333	199,321
Balance, 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

Para Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended March 31, 2017 and February 29, 2016
(Unaudited - expressed in Canadian Dollars)

	March 31, 2017 $	February 29, 2016 $
OPERATING ACTIVITES		
Loss for the period	(3,559,984)	(512,368)
Non-cash items:		
Gain on fair value of loan	(90,077)	-
Gain on debt settlement	-	(557,540)
Share-based payments	580,242	72,608
Loss on property settlement	337,500	-
Depreciation	39,761	-
Interest on loan	733,637	210,879
Unrealized foreign exchange	111,503	-
Changes in non-cash working capital items:		
Receivables	26,109	(48,216)
Prepaid expenses	81,329	13,250
Accounts payable and accrued liabilities	1,395,680	(3,341)
Due from related parties	160,334	(26,410)
Inventory	29,038	-
	(154,928)	(851,138)
FINANCING ACTIVITIES		
Issuance of shares	282,790	433,760
Issue costs	-	(29,334)
Loans payable	535,650	3,359,350
Gold secured loan	1,332,200	-
	2,150,640	3,763,776
INVESTING ACTIVITIES		
Deferred acquisition costs	-	(2,569,983)
Expenditures on exploration and evaluation assets	(205,459)	(203,389)
Mineral property costs	(1,934,020)	-
Purchase of equipment	(574,772)	-
	(2,714,251)	(2,773,372)
Foreign exchange effect on cash	2,814	749
DECREASE (INCREASE) IN CASH DURING THE PERIOD	(715,725)	140,015
CASH, BEGINNING OF THE PERIOD	955,107	22,882
CASH, END OF THE PERIOD	239,382	162,897

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, 2017, the Company had an accumulated deficit of $11,083,299 (September 30, 2016 – $8,758,585). For the period ended March 31, 2017, the Company incurred a loss of $3,559,985 (February 28, 2016 - $512,368), had negative cash flow from operations amounting to $154,928 (February 28, 2016 – $851,138) and had a working capital deficit of $8,052,357 (September 30, 2016 - deficit of $5,393,442). 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.

Although these consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, the above noted conditions raise significant doubt regarding the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

(Unaudited - expressed in Canadian Dollars)

2. ACQUISITION OF COLOMBIA MILLING

On July 20, 2015, the Company announced it had entered into a shareholdersô agreement (ñShareholdersô Agreementò), subscribing for common shares of Colombia Milling Limited, a Belize incorporated Company. Pursuant to the Shareholdersô Agreement, the Company would receive common shares of CML on the basis of 1 common share for every USD $1,000 of contributions. The contributions are considered to be receivable and due on demand. CMLõs only assets were its 62% ownership of Four Points Mining SAS (ñFour Pointsò) a Colombian company and holder of certain mineral licenses in northern Colombia, which contain the El Limon mine. The El Limon mine is a gold mine that is currently in pre-production.

On March 31, 2016, through contributions to CML, the Company increased its ownership to 63% and was given control of the board, effectively giving the Company control over CML and Four Points. The transaction was accounted for as a business combination achieved in stages, rather than an asset acquisition, as the operations of CML met the definition of a business. As the transaction was accounted for a business combination, transaction costs of $74,352 were expensed.

As the transaction was accounted for as a business combination achieved in steps, on acquiring control of CML the Company revalued its previous interest at fair value on the date of control and recognized a gain on step acquisition. The determination of the gain was as follows:

	$
Fair value of 100% at March 31, 2016	5,146,393
Fair value of 46% carrying interest at March 31, 2016	2,367,341
Less carrying value of 46% prior to control	(1,487,586)
Gain on step acquisition	879,754

The consideration paid to acquire control was determined to be the fair value of the carrying interest in CML at March 31, 2016 of $2,367,341 and the additional cash consideration of $1,787,944. The consideration was allocated to the fair value of the net assets of CML and Four points at March 31, 2016, the date of control. The Company has not allocated any value to goodwill as the entirety of the value associated with CML arises from the El Limon mine, any residual amounts have been allocated to mineral property. The non-controlling interest was determined as the proportionate share of the net identifiable assets of CML and Four Points that the Company did not control.

Purchase Price Allocation	**$**
Cash	294,546
Prepaids	805,127
Inventory	214,959
El Limon mine	13,351,267
Equipment	5,386,430
Liabilities	(10,005,968)
Deferred income tax liability	(4,020,214)
	6,026,147
Consideration	
Cash	1,787,944
Fair value of carrying interest in CML	2,367,341
Non-controlling interest	1,870,862
	6,026,147

(Unaudited - expressed in Canadian Dollars)

The deferred income tax liability on acquisition relates to the adjustment of the equipment to fair value on the date of acquisition. The liabilities assumed on acquisition included the Loan to Redrock Resources of $952,818 and the Loan to Rayforte of $852,105, both of which were fair valued on the date of acquisition using a discounted cash flow model and the loan payable to Helm Bank of $5,569,794 which is accounted for as due on demand with the carrying value approximating fair value

On June 21, 2016 the Company received approval for the acquisition of the final 37% of CML held by James Randall Martin (ñMartinò) and SAEF Exploration Inc. (ñSAEFò). In addition to the shares of CML the Company would also receive any amounts owing to SAEF and Martin from CML, which amounted to $1,680,256. The acquisition of 100% of the shares of CML brought the Companyòs total indirect interest in the El Limon Mine to 62%.

The terms of the agreement with SAEF were as follows:

- Cash consideration of USD$250,000 at closing (paid)
- An unsecured note in the amount of USD$170,000, payable six months from the closing date, along with accrued interest at a rate of 7% per annum. (paid)

The terms of the agreement with Martin were as follows:

- The Company will issue 13,213,340 units at a deemed price of $0.09 per unit, each unit consists of one common share of the Company and one half of one share purchase warrant, each whole warrant entitles the holder to purchase an additional common share of the Company for a period of 18 months from the date of issuance at an exercise price of $0.20 per share.

The total consideration paid to acquire the final 37% of CML was $4,173,038 consisting of the loans and cash consideration to SAEF and the units to Martin. The common shares in the units were fair valued at $0.24 and the warrants were fair valued at $420,019 using the Black Scholes model. Upon obtaining 100% control of CML the Company adjusted its non-controlling interest to reflect the 38% of Four Points that was not controlled by the Company. The acquisition of the 37% was accounted for as follows:

Purchase Price Allocation	**$**
Loans from CML	1,680,256
Change in NCI	(717,839)
Amount attributed to equity of Para	3,210,621
	4,173,038

The non-controlling interest was determined as the proportionate share of the net identifiable assets of Four Points that the Company did not control either directly or indirectly through CML. As the increase in ownership did not result in a change in control the Company did not adjust for any changes in fair value at June 21, 2016.

The operating results for both CML and Four points have been recognized in the consolidated statement of comprehensive loss beginning on March 31, 2016, the effective date of control.

On December 31, 2016 the Company increased its ownership of Four Points to 77%. The increase in ownership was based on the cash payments made by the Company to fund operations of Four Points. The Company recorded a decrease in non-controlling interest of $1,021,856, as there was no consideration paid to the non-controlling interest the amount was recorded against the equity of the parent.

3. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (ñIFRSò) as issued by the International Accounting Standards Board (ñIASBò) 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 thirteen months ended September 30, 2016, 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 September 30, 2016 except as outlined below. These condensed interim consolidated financial statements were approved by the board of directors for use on February 28, 2017.

Accounting standards development

The following standards have been issued but not yet applied:

- In the annual period beginning September 1, 2018, the Company will be required to adopt IFRS 9, *Financial Instruments*, which is the result of the first phase of the IASBôs project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Management is currently evaluating the impact that this standard will have on the consolidated financial statements.

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

- IFRS 16*, Leases*, 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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Estimates

Useful life of depreciable assets
Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Mineral resource estimate
The life of the El Limon mine is determined from the ore reserves that are available to be extracted at the end of each reporting period. The Company initially estimates the ore reserve available based on the findings of qualified, independent, mining professionals. These estimates are updated from time to time as additional technical and economic information becomes available. Factors that impact the computation of reserves available include the geological data on the size, depth and shape of the ore body, the prevailing and expected market price for the underlying metals to be extracted and the expected costs to extract and process the mined material. Changes in the mineable ore reserve available may impact the carrying value of mine property, exploration and evaluation properties, plant and equipment, site closure and reclamation provision and changes in the recognition of deferred tax amounts in addition to changes in the recognition of depreciation and depletion.

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

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

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

Judgments

Business combination
On the acquisition of a subsidiary, the Company must determine whether the acquisition is a business combination by applying the definition in IFRS 3 *Business Combinations*. If the assets and liabilities assumed

do not constitute a business the transaction would be accounted for as an asset acquisition. Management has determined that the acquisition of CML constituted a business combination as CML met the definition of a business. A business consists of inputs to which processes are applied resulting in outputs that provide a return to the Company and its shareholders.

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition.

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

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

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

Commencement of Commercial Production
The Company assesses the stage of each mine under construction to determine when a property reaches the stage when it is substantially complete and ready for its intended use. Criteria used to assess when a property has commenced commercial production include, among other considerations:

Å the level of capital expenditures incurred relative to the expected costs to complete;
Å he completion of a reasonable period of testing of the mine plant and equipment;
Å the ability to produce saleable metals;
Å the attainment of relevant permits;
Å the ability to sustain ongoing production; and
Å the achievement of pre-determined production targets.

When management determines that a property has reached commercial production, costs capitalized during development are amortized.

Functional Currency
The functional currency for each of the Companyĝs subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

Impairment of exploration and evaluation assets

(Unaudited - expressed in Canadian Dollars)

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

5. PREPAIDS

As at March 31, 2017 the Company's prepaid amounts consist of the following:

	March 31, 2017	September 30, 2016
	$	$
Investor relation	145,829	101,238
Advances to suppliers	191,720	98,918
Advances to employees	-	127,379
Other advances	-	91,343
	337,549	**418,878**

6. MINERAL PROPERTY

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

As at March 31, 2017 the Company's mineral property balance consisted of the following

	El Limon
	$
Balance, August 31, 2015	**-**
Acquisition of CML	13,351,267
Development costs	1,758,434
Foreign exchange translation	79,774
Balance, September 30, 2016	**15,189,475**
Development costs	2,074,518
Foreign exchange translation	155,519
Balance, March 31, 2017	**17,419,512**

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.

Nicaragua Milling

On January 18, 2017 the Company announced that it has entered into a non-binding Letter of Intent to acquire an 80% interest in Nicaragua Milling Company Ltd. ("NML"), a Belize company with mining interests in the Republic of Nicaragua. The aggregate consideration payable to the Vendors for the NML Shares shall consist of 40,000,000 common shares in the capital of Para at a deemed price of C$0.20 per share and 4,000,000 share purchase warrants of Para. Each Warrant will be exercisable to acquire one common share of Para at a price of C$0.30 for three years from the date of issue.

NML is owned by Randy Martin, Sergio Rios and a third minority shareholder (together, the "Vendors"). Mr. Martin is an Officer, Director and major shareholder of Para. Following the Transaction, and subject to TSXV approval, Sergio Rios will be appointed a Director of Para. Mr. Martin abstained from voting on the Company's approval of the Letter of Intent by virtue of his conflict of interest.

(Unaudited - expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Tucumã gold project:

The Company owns a 100% interest in the Tucumã copper/gold exploration project, which consists of six mineral concessions covering a total of 11,456 hectares located in the Carajas metallogenic province in the State of Pará, Brazil. The annual fees for the concessions are approximately $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, 2017	September 30, 2016
	$	$
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	1,509,409	1,074,694
Addition during the period		
Assays	-	3,989
Consulting	77,219	172,583
Drilling	-	-
Environmental	-	-
Field supplies	37,007	79,102
Licenses	16,006	17,637
Miscellaneous	-	413
Personnel	22,402	50,535
Project administration	47,684	81,336
Vehicle expenses	5,141	27,563
Foreign exchange on mineral property	(14,781)	1,557
Total additions during the period	190,678	434,715
	1,700,087	1,509,409
Balance, end of the period	**1,700,088**	**1,509,410**

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

(Unaudited - expressed in Canadian Dollars)

North Otu Properties. The purchase price is US$1,000,000 (the ñPurchase Priceò) and will be paid to OTU as follows:

- US$500,000 non-refundable deposit (paid)
- US$250,000 payable July 7, 2017
- 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.

As at March 31, 2017 the North Otu Properties were not in production and the Company has capitalized its acquisition costs of $984,995 to exploration and evaluation assets.

	North Otu	**Tucumã**	**Total**
	$	**$**	**$**
Acquisition cost			
Balance, August 31, 2015	-	1	1
Additions	973,895	-	973,895
Balance, September 30, 2016	**973,895**	**1**	**973,896**
Foreign currency translation	11,100	-	11,100
Balance, March 31, 2017	**984,995**	**1**	**984,996**
Deferred Exploration Costs			-
Balance, August 31, 2015	-	1,074,694	1,074,694
Additions	-	434,715	434,715
Balance September 30, 2016	**-**	**1,509,409**	**1,509,409**
Additions	-	190,678	190,678
Balance, March 31, 2017	**-**	**1,700,087**	**1,700,087**
Balance, September 30, 2016	**973,895**	**1,509,410**	**2,483,305**
Balance, March 31, 2017	**984,995**	**1,700,088**	**2,685,083**

Cumaru-Gradaus Gold project:

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

Pursuant to the Agreements the Company will, subject to completion of conditions of closing and TSX Venture Exchange approval, acquire a 100% right, title and interest in and to the Cumaru Gradaus Gold project (the ñProjectò) located in Para Sate, Brazil. In consideration the Company will issue 6,440,500 common shares of the Company and a 2% NSR to the Vendor. The NSR will apply to any property brought into commercial production by the Company within 5 kilometers of the Cumaru-Gradaus Gold project. In the event commercial production exceeds 1,000,000 oz. of gold, the royalty will increase to a 3% NSR. The project is also subject to existing royalties, in an aggregate of 2.4% of NSR. The Company will grant the Vendor an additional 1% NSR in the event the Company commences commercial production on any other project in Brazil, including the Tucumã project.

(Unaudited - expressed in Canadian Dollars)

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 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.

8. PLANT AND EQUIPMENT

	Buildings and construction	Machinery	Office equipment	Vehicles	Total
Cost	**$**	**$**	**$**	**$**	**$**
Balance, August 31, 2015	**-**	**-**	**-**	**-**	**-**
Acquired through CML	707,428	4,651,638	26,538	826	5,386,430
Additions	45,618	55,167	20,428	102,870	224,082
Foreign exchange	7,186	44,914	448	990	53,538
Balance September 30, 2016	**760,232**	**4,751,719**	**47,414**	**104,685**	**5,664,050**
Additions	242,963	298,133	30,400	3,276	574,772
Foreign exchange	16,212	81,605	1,257	1,745	100,819
Balance, March 31, 2017	**1,019,407**	**5,131,457**	**79,071**	**109,706**	**6,339,641**

	Buildings and construction	Machinery	Office equipment	Vehicles	Total
Accumulated Depreciation	**$**	**$**	**$**	**$**	**$**
Balance, August 31, 2015	**-**	**-**	**-**	**-**	**-**
Depreciation	19,072	238,578	6,296	520	264,466
Balance September 30, 2016	**19,072**	**238,578**	**6,296**	**520**	**264,466**
Depreciation	42,639	253,378	23,620	16,141	335,778
Foreign exchange	718	4,265	397	287	5,667
Balance, March 31, 2017	**62,429**	**496,221**	**30,313**	**16,948**	**605,911**
Net Book Value					
September 30, 2016	**741,160**	**4,513,141**	**41,119**	**104,165**	**5,399,584**

(Unaudited - expressed in Canadian Dollars)

March 31, 2017	**956,978**	**4,635,236**	**48,758**	**92,758**	**5,733,730**

During the period ended March 31, 2017 $296,017 of depreciation was capitalized to mineral properties and $39,761 was recorded as depreciation expense.

9. 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 the each delivery date and therefore the lender will not be exposed to any future gold price fluctuations.

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.

10. LOAN PAYABLE AND CREDIT FACILITY

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 six months ended March 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 fair valued the loans using a discounted cash flow model using a discount rate of 24.5%, the loan was recorded at a fair value of $445,573 and the Company recorded a $90,077 gain on the fair value of the loan. On January 28, 2017 Conex increased the facility to a maximum of $5,000,000.

(Unaudited - expressed in Canadian Dollars)

The loan payable at March 31, 2017 and September 30, 2016, and the changes for the periods then ended are as follows:

	$
Balance, August 31, 2015	**1,978,067**
Loans received	1,124,391
Less financing costs	(704,000)
Interest and accretion	468,231
Balance, September 30, 2016	**2,866,689**
Fair value loan received	445,573
Interest and accretion	392,264
Balance, March 31, 2017	**3,704,526**

11. HELM BANK LOAN

As at September 30, 2016 Four Points had an outstanding interest bearing loan of USD$3,500,000 with the Helm Bank Colombia with a 5% annual interest rate and is due on demand. As at March 31, 2017 the Company has accrued interest payable of USD$968,761.

	$
Balance, August 31, 2015	**-**
Loan assumed on acquisition of CML	5,569,794
Interest	113,435
Foreign exchange on translation of loan	56,222
Balance, September 30, 2016	**5,739,451**
Interest	116,235
Foreign exchange on translation	97,598
Balance, March 31, 2017	**5,953,089**

(Unaudited - expressed in Canadian Dollars)

12. LOAN PAYABLE REDROCK RESOURCES

As part of the consideration paid by CML to acquire Four Points, CML issued a promissory note for USD $1,000,000 with an annual interest rate of 5% payable on May 15, 2018. The Company fair valued the loan using an effective interest of 24.5% and determined the fair value of the loan to be $952,818. The Company will make its next interest payment of USD $50,000 on May 15, 2017. The loan payable at March 31, 2017 and September 30, 2016, and the changes for the periods then ended are as follows:

	$
Balance, August 31, 2015	**-**
Loan assumed on acquisition of CML	952,818
Interest and accretion	59,683
Interest paid	(64,710)
Foreign exchange on translation of loan	39,777
Balance, September 30, 2016	**987,568**
Interest and accretion	106,600
Foreign exchange on translation of loan	25,322
Balance, March 31, 2017	**1,119,490**

13. LOAN PAYABLE RAYFORTE

Upon completing the acquisition of CML the Company assumed its loan payable to Rayforte of USD $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% and determined the fair value of the loan to be $852,105. The loan payable at December 31, 2016 and September 30, 2016 and the changes for the periods then ended are as follows:

	$
Balance, August 31, 2015	**-**
Loan assumed on acquisition of CML	852,105
Interest and accretion	101,739
Foreign exchange on translation of loan	9,542
Balance, September 30, 2016	**963,386**
Interest and accretion	115,351
Foreign exchange translation	24,773
Balance, March 31, 2017	**1,103,510**

14. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

The Company did not complete any financings during the period ended March 31, 2017

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 Companyös listing date. The following is a continuity schedule of outstanding options for the reporting period.

(Unaudited - expressed in Canadian Dollars)

The Companyös stock options outstanding as at March 31, 2017 and September 30, 2016 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 August 31, 2015	2,705,243	0.17	2.46
Granted	1,025,000	0.09	
Expired	(8,100)	0.50	
Exercised	(1,832,143)	0.09	
Balance, September 30, 2016	1,890,000	0.21	3.24
Granted	3,440,000	0.21	
Balance, March 31, 2017	**5,330,000**	**0.21**	**3.09**

During the six months ended March 31, 2017 the Company issued 3,440,000 (February 29, 2016 ï 1,025,000) options to directors and consultants, vesting immediately. The Company fair valued the options at $580,242 (February 29, 2016 - $72,608) using the Black-Scholes option pricing model using the following inputs:

	2017	2016
Risk free rate	0.79%	0.68%
Expected life	3 ï 5 years	5 years
Expected volatility	126%	143%
Forfeiture rate	Nil	Nil
Expected dividends	Nil	Nil

Stock options outstanding and exercisable at March 31, 2017 are as follows:

Number of Options	Exercise Price $	Expiry Date
365,000	0.75	July 10, 2017
2,000,000	0.22	October 28, 2019
340,000	0.20	December 19, 2019
600,000	0.05	December 30, 2019
925,000	0.09	January 28, 2021
800,000	0.22	October 28, 2021
300,000	0.18	January 10, 2022
5,330,000	0.21	

(Unaudited - expressed in Canadian Dollars)

Warrants

The Company's warrants outstanding as at March 31, 2017 and September 30, 2016 and the changes for the periods then ended are as follows:

	Number of Warrants	Exercise Price $
Balance, August 31, 2015	9,728,494	0.10
Issued	25,040,336	0.19
Exercised	(23,970,435)	0.15
Balance, September 30, 2016	10,798,395	0.19
Exercised	(1,426,283)	0.20
Balance, March 31, 2017	9,372,112	0.20

Warrants outstanding as at March 31, 2017 were as follows:

Outstanding Warrants	Exercise Price $	Expiry Date
1,443,334	0.18	June 8, 2017
270,000	0.18	August 22, 2017
3,343,333	0.18	September 17, 2017
5,621,395	0.20	December 20, 2017
9,372,112		

Weighted average remaining contractual life is 0.54 years.

As at March 31, 2017 the Company had received proceeds of $50,000 for a warrant exercise for which the shares have yet to be issued.

15. RELATED PARTY TRANSACTIONS

All amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment unless otherwise stated. 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 March 31, 2017 and February 28, 2016 are as follows:

	Three months ended		Six months ended	
	March 31, 2017 $	February 28, 2016 $	March 31, 2017 $	February 28 2016 $
Consulting fees paid to a director	143,129	57,500	288,618	87,500
Administrative fees paid to a company controlled by a director		7,500		15,000
Salaries	117,044	-	236,952	-
	260,173	65,000	525,570	102,500

(Unaudited - expressed in Canadian Dollars)

As at March 31, 2017, $52,907 (September 30, 2016 - $46,138) was owing to a director and a private company controlled by him, and $19,199 (September 30, 2016 - $19,199) was owing to Goldsource Mines Inc., a company with common directors and officers.

As at March 31, 2017, loans totaling $197,094 (September 30, 2016 - $233,562) were due to a director, a private company which he is a director of, and a private company controlled by him. Loans amounting to $23,252 are unsecured and non-interest bearing and loans amounting to $173,842 bear an interest rate of 1% per month compounded monthly and are due on demand.

Compensation paid to key management personal for the periods ended March 31, 2017 and February 28, 2016 is identical to the table above.

16. 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 $6,014,898 (September 30, 2016 – ($6,898,631). 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, 2017. The Company is not subject to externally imposed capital requirements.

17. FINANCIAL RISK MANAGEMENT

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

	March 31, 2017	September 30, 2016
	$	$
Loans and Receivables:		
Cash	239,382	955,107
Other financial liabilities		
Accounts payable and accrued liabilities	2,546,069	1,150,389
Due to related parties	269,199	105,623
Loan payable	3,704,526	2,866,689
Loan Helm Bank	5,953,089	5,739,451
Loan Rayforte	1,103,510	963,386
Loan Redrock Resources	1,119,490	987,568

Fair value measurements

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates;
Level 3: valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The carrying value of cash, accounts receivable, accounts payable, loan to Helm Bank, the interest portion of the loan to Redrock Resources and due to related parties approximate their fair values because of their short term nature.

The Company's non-current liabilities are considered level two financial instruments and fair valued using a discounted cash flow model and effective interest rate of 24.5%. Non-current liabilities include the loan payable of $3,704,526, the loan to Redrock Resources of $1,119,490 and the loan to Rayforte of $1,103,510.

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

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash; however, the risk is minimal because of their short-term maturity. All of the Company's interest bearing debt instruments have fixed interest rates and are not subject to interest rate cash flow risk.

Credit risk
Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk arises from cash and accounts receivable. The Company mitigates this risk by placing its cash in large reputable Canadian financial institution. The Company considers the credit risk related to cash and accounts receivable to be minimal.

Liquidity risk
Liquidity risk is the risk that he Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company develops forecasts and budgets to better manage its obligations while supporting ongoing operations and capital expenditures. The Company relies on debt and equity offerings to raise the financing it needs to meet its ongoing requirements. The Company's cash is available on demand.

Contractual cash flow requirements as at March 31, 2017 are as follows:

	< 1 Year	1 – 2 Years	2 – 5 Years	> 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	2,546,069	-	-	-	2,546,069
Due to related parties	269,199	-	-	-	269,199
Loan Helm bank	5,953,089	-	-	-	5,953,089
Loan payable	-	-	3,704,526	-	3,704,526
Loan Red Rock	61,111	1,058,379	-	-	1,119,490
Loan Rayforte	-	1,103,510	-	-	1,103,510

Foreign currency risk

The Company has operations in Canada, Brazil and Colombia and is exposed to foreign exchange risk due to fluctuations in the US dollar, Brazilian real and Colombian peso. Foreign exchange risk arises from financial assets and liabilities denominated in these foreign currencies. The sensitivity of the Company�s net loss to a 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company�s net loss by approximately $115,058

The Company�s financial assets and liabilities as at March 31, 2017 are denominated in Canadian dollars, Brazilian real, Colombian Peso and US dollars as follows:

	Canadian dollar	US dollar	Colombian Peso	Brazilian real	Total
	$	$	$	$	$
Financial assets					
Cash	4,197	120,516	113,904	765	239,382
Accounts receivable	19,930	-	-	-	19,930
	24,127	120,516	113,904	765	259,312
Financial liabilities					
Accounts payable and accrued liabilities	1,117,232	428,770	965,159	34,908	2,546,069
Due to related party	269,199	-	-	-	269,199
Loan payable	3,704,526	-	-	-	3,704,526
Loan Rayforte	-	1,103,510	-	-	1,103,510
Loan Red Rock	-	1,119,490	-	-	1,119,490
Loan Helm Bank	-	5,953,089	-	-	5,953,089
	5,090,957	8,604,859	965,159	34,908	14,695,883

The Company's financial assets and liabilities as at September 30, 2016 are denominated in Canadian dollars and Brazilian real as follows:

	Canadian dollar	US dollar	Colombian Peso	Brazilian real	Total
	$	$	$	$	$
Financial assets					
Cash	720,449	1,286	232,130	1,242	955,107
Accounts receivable	8,099	-	22,953	14,987	46,039
	728,548	1,286	255,083	16,229	1,001,146
Financial liabilities					
Accounts payable and accrued liabilities	90,504	385,579	643,031	31,275	1,150,389
Due to related party	105,623	-	-	-	105,623
Loan payable	2,866,689	-	-	-	2,866,689
Loan Rayforte	-	963,386	-	-	963,386
Loan Red Rock	-	987,568	-	-	987,568
Loan Helm Bank	-	5,739,451	-	-	5,739,451
	3,062,816	8,075,984	643,031	31,275	11,813,106

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

(Unaudited - expressed in Canadian Dollars)

18. 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 El Limon property as mine under development and exploration and evaluation assets. The performance of the company's operating segments for the three and six months ended March 31, 2017 and February 28, 2016 and as at March 31, 2017 and September 30, 2016 is as follows.

	As at and for the six months ended March 31, 2017			
	El Limon	Exploration and evaluation	Corporate and other	Total
	$	$	$	$
Loss for the period	853,171	-	2,706,814	3,559,985
Salaries	181,727	-	266,697	448,424
Consulting	-	-	506,155	506,155
Interest expense	338,186	-	429,601	767,787
Depreciation	39,761	-	-	39,761
Current assets	485,875	765	290,471	777,111
Non-current assets	23,153,242	2,685,083	-	25,838,325
Total assets	23,639,117	2,685,848	290,471	26,615,436
Current liabilities	7,347,212	34,908	1,447,348	8,829,468
Non-current liabilities	3,494,089	-	7,180,293	10,674,382
Total liabilities	10,841,301	34,908	8,627,641	19,503,850

	For the six months ended February 29, 2016		
	Exploration and evaluation	Corporate and other	Total
	$	$	$
Loss for the period	-	512,368	512,368
Consulting	-	264,250	264,250
Interest expense	-	211,750	211,750

(Unaudited - expressed in Canadian Dollars)

	For the three months ended March 31, 2017			
	El Limon	**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

	For the three months ended February 29, 2016		
	Exploration and evaluation	**Corporate and other**	**Total**
	$	$	$
Loss for the period	-	21,598	21,598
Consulting	-	57,500	57,500
Interest expense	-	94,205	94,205

	As at September 30, 2016			
	El Limon	**Exploration and evaluation**	**Corporate and other**	**Total**
	$	$	$	$
Current assets	783,298	16,229	829,785	1,629,312
Non-current assets	20,589,059	2,483,305	-	23,072,364
Total assets	21,372,356	2,499,534	829,785	24,701,676
Current liabilities	6,795,352	31,275	196,127	7,022,754
Non-current liabilities	1,923,663	-	6,483,541	8,407,204
Total liabilities	8,719,015	31,275	6,679,668	15,429,958

(Unaudited - expressed in Canadian Dollars)

Geographic segment:
The Company's assets and liabilities as at March 31, 2017 and September 30, 2016 and the Company's expenses by geographic area for the three and six months ended March 31, 2017 and February 29, 2016 are as follows:

	As at and for the six months ended March 31, 2017			
	Colombia	**Brazil**	**Canada**	**Total**
	$	**$**	**$**	**$**
Current assets	606,391	765	169,955	777,111
Exploration and evaluation asset	984,995	1,700,088	-	2,685,083
Plant and equipment	5,733,730	-	-	5,733,730
Mineral properties	17,419,512	-	-	17,419,512
Total assets	24,744,628	1,700,853	169,955	26,615,436
Current liabilities	7,374,966	34,908	1,419,595	8,829,468
Non-current liabilities	4,552,468	-	6,121,914	10,674,382
Total liabilities	11,927,434	34,908	7,541,508	19,503,850
Expenses	812,397	-	1,732,378	2,544,775
Other expenses	338,186	-	677,024	1,015,210
Net loss	1,150,583	-	2,409,402	3,559,985

	For the six months ended February 29, 2016			
	Colombia	**Brazil**	**Canada**	**Total**
	$	**$**	**$**	**$**
Expenses	-	-	858,158	858,158
Other expenses	-	-	(345,790)	(345,790)
Net loss	-	-	512,368	512,368

	For the three months ended March 31, 2017			
	Colombia	**Brazil**	**Canada**	**Total**
	$	**$**	**$**	**$**
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

	For the three months ended February 29, 2016			
	Colombia	**Brazil**	**Canada**	**Total**
	$	**$**	**$**	**$**
Expenses	-	-	484,933	484,933
Other expenses	-	-	(463,335)	(463,335)
Net loss	-	-	21,598	21,598

(Unaudited - expressed in Canadian Dollars)

The Company's assets and liabilities by geographic area as at September 30, 2016 are as follows:

	September 30, 2016			
	Colombia	Brazil	Canada	Total
	$	$	$	$
Current assets	783,298	16,229	829,785	1,629,312
Exploration and evaluation asset	973,895	1,509,410	-	2,483,305
Plant and equipment	5,399,584	-	-	5,399,584
Mineral properties	15,189,475	-	-	15,189,475
Total assets	22,346,252	1,525,639	829,785	24,701,676
Current liabilities	6,795,352	31,275	196,127	7,022,754
Non-current liabilities	1,923,663	-	6,483,541	8,407,204
Total liabilities	8,719,015	31,275	6,679,668	15,429,958

19. SUBSEQUENT EVENTS

- On April 6, 2017 the Company announced that it had arranged a non-brokered private placement for total gross proceeds of up to $4,000,000. The Private Placement would consist of up to 20,000,000 units at a price of $0.20 per unit. Each Unit would be comprised of one common share of the Company and one-half common share purchase warrant. Each Warrant will entitle the holder to acquire one common share of the Company for a period of 18 months at a price of $0.30.

  Subsequent to the announced private placement the company has closed two tranches.

  a) On May 2 the Company announced that it has closed the first tranche of its non-brokered private placement for total gross proceeds of $1,659,075. The first tranche of the Private Placement consisted of 8,295,375 units at a price of $0.20 per unit.
  b) On May 23 the Company announced that it has closed the second tranche of its non-brokered private placement for total gross proceeds of $730,000. The second tranche of the Private Placement consisted of 3,650,000 units at a price of $0.20 per unit.
  c) The Company intends to close the third and final tranche of the private placement in early June.