PARA RESOURCES INC.

Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Fifteen Months Ended December 31, 2017 and Thirteen Months ended September 30, 2016

Grant Thornton

Independent auditor's report

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To the Shareholders of
Para Resources Inc.

We have audited the accompanying consolidated financial statements of Para Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and September 30, 2016, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the fifteen months ended December 31, 2017 and the thirteen months ended September 30, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Para Resources Inc. as at December 31, 2017 and September 30, 2016 and its financial performance and its cash flows for the fifteen months ended December 31, 2017 and the thirteen months ended September 30, 2016, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net and comprehensive loss of $10,388,618 and negative cash flows from operations of $6,398,944 for the fifteen months ended December 31, 2017. As at December 31, 2017, the Company had an accumulated deficit of $16,750,458. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Grant Thornton LLP

Vancouver, Canada
April 23, 2018

Chartered Professional Accountants
Licensed Public Accountants

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

	Notes	December 31, 2017 $	September 30, 2016 $
ASSETS			
Current assets			
Cash		104,233	955,107
Receivables		18,350	46,039
Inventory		162,273	209,288
Prepaids	7	935,380	418,878
Total current assets		1,220,236	1,629,312
Non-current assets			
Mineral property	8	23,842,291	15,189,475
Exploration and evaluation assets	9	1,741,451	2,483,305
Plant and equipment	10	9,560,462	5,399,584
Total non-current assets		35,144,204	23,072,364
TOTAL ASSETS		36,364,440	24,701,676
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	20	2,075,345	1,150,389
Due to related parties	18	113,050	105,623
Gold secured loan	11	570,798	-
Loan Gold Road	6	1,141,091	-
Loans payable	12	3,801,733	-
Loan Helm Bank	13	5,752,419	5,739,451
Loan Rayforte	15	1,331,418	-
Loan Redrock Resources	14	961,845	27,291
Total current liabilities		15,747,699	7,022,754
Deferred income tax liability	19	3,223,005	3,616,852
Gold secured loan	11	683,702	-
Loan Gold Road	6	4,445,143	-
Loans payable	12	566,048	2,866,689
Loan Conterra	16	3,930,699	-
Loan Rayforte	15	-	963,386
Loan Redrock Resources	14	-	960,277
Total non-current liabilities		12,848,597	8,407,204
TOTAL LIABILITIES		28,596,296	15,429,958
EQUITY (DEFICIT)			
Share capital	17	21,032,716	14,361,482
Shares to be issued	17	765,382	50,000
Share option and warrant reserve	17	1,927,107	1,353,316
Deficit		(16,750,458)	(8,758,585)
Accumulated other comprehensive loss		(419,879)	(84,564)
Equity attributable to shareholders		6,554,868	6,921,649
Non-controlling interest	2,6	1,213,276	2,350,069
		7,768,144	9,271,718
TOTAL LIABILITIES AND EQUITY		36,364,440	24,701,676

Nature of operations and going concern (Note 1)
Subsequent events (Note 23)

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

Para Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	**Fifteen Months Ended December 31, 2017 $**	**Thirteen Months Ended September 30, 2016 $**
Expenses			
Business investigation		553,039	206,540
Consulting	18	2,250,354	416,624
Depreciation	10	54,706	6,750
Investor relations		193,125	500,393
Office and miscellaneous	18	1,356,478	405,679
Professional fees		797,607	219,888
Regulatory and other filing fees		53,442	79,831
Salaries	18	1,336,999	230,507
Share-based compensation	17	627,725	72,608
Loss before other items		(7,223,475)	(2,138,820)
Interest expense	11-16	(2,754,659)	(790,872)
Gain on step acquisition	2	-	879,754
Gain on fair value of loan	6,12	83,716	-
Loss on property settlement	9	(337,500)	-
Transaction costs	2	-	(74,352)
Loss for the period before tax		(10,231,918)	(2,124,290)
Deferred income tax recovery (expense)	19	247,960	(3,766)
Loss for the period after tax		**(9,983,958)**	**(2,128,056)**
Other Comprehensive Income (Loss)			
Items that may be reclassified subsequently to profit or loss:			
Loss on translating foreign operations		(404,660)	(76,877)
Loss and Comprehensive Loss for the period		**(10,388,618)**	**(2,204,933)**
Loss for the period attributable to:			
Owners of the parent		(9,218,100)	(1,905,547)
Non-controlling interest		(765,858)	(222,509)
		(9,983,958)	(2,128,056)
Comprehensive loss for the period attributable to:			
Owners of the parent		(9,553,415)	(1,966,301)
Non-controlling interest		(835,203)	(238,632)
		(10,388,618)	(2,204,933)
Basic and Diluted Loss per Common Share		(0.08)	(0.04)
Weighted Average Number of Common Shares Outstanding		117,562,612	58,208,712

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

Para Resources Inc.
Consolidated Statements of Changes in Equity
For the Fifteen Months Ended December 31, 2017 and Thirteen Months Ended September 30, 2016
(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	34,261,665	3,084,667	1,026,733	-	-	-	-	-	4,111,400
Issue costs	-	(115,162)	46,777	-	-	-	-	-	(68,385)
Shares issued for debt settlement	1,666,666	183,333	16,667	-	-	-	-	-	200,000
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	23,970,435	3,556,104	-	-	-	-	-	-	3,556,104
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
Share-based payments on options granted	-	-	72,608	-	-	-	-	-	72,608
Loss for the period	-	-	-	-	-	(1,905,547)	-	(222,509)	(2,128,056)
Other comprehensive income for the period	-	-	-	-	-	-	(60,754)	(16,123)	(76,877)
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

Para Resources Inc.
Consolidated Statements of Changes in Equity (cont.)
For the Fifteen Months Ended December 31, 2017 and Thirteen Months Ended September 30, 2016
(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 private placement	26,915,125	5,383,025	-	(50,000)	-	-	-	5,333,025
Cash finder's fee	-	(86,500)	-	-	-	-	-	(86,500)
Finders warrants	-	(12,770)	12,770	-	-	-	-	-
Subscriptions received	-	-	-	765,382	-	-	-	765,382
Shares issued pursuant to property settlement	1,250,000	337,500	-	-	-	-	-	337,500
Acquisition of Non-controlling interest	-	-	-	-	1,226,227	-	(1,226,227)	-
Non-controlling interest on Gold Road	-	-	-	-	-	-	924,638	924,638
Share-based payments	-	-	627,725	-	-	-	-	627,725
Warrant exercise	5,280,241	983,275	-	-	-	-	-	983,275
Transfer value on warrant exercise	-	66,704	(66,704)	-	-	-	-	-
Loss for the period	-	-	-	-	(9,218,100)	-	(765,858)	(9,983,958)
Other comprehensive income for the period	-	-	-	-	-	(335,315)	(69,345)	(404,660)
Balance, 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

Para Resources Inc.
Consolidated Statements of Cash Flows
For the Fifteen Months Ended December 31, 2017 and Thirteen Months ended September 30, 2016
(Expressed in Canadian Dollars)

	December 31, 2017 $	September 30, 2016 $
OPERATING ACTIVITES		
Loss for the period	(9,983,958)	(2,128,056)
Non-cash items:		
Gain on fair value of loan	(83,716)	-
Gain on step acquisition	-	(879,754)
Share-based payments	627,725	72,608
Loss on property settlement	337,500	-
Depreciation	54,706	6,750
Interest on loan	2,385,119	751,363
Income tax expense	(247,960)	3,766
Unrealized foreign exchange	24,294	(83,722)
Changes in non-cash working capital items:		
Receivables	27,687	(35,861)
Prepaid expenses	(469,487)	(37,978)
Accounts payable and accrued liabilities	924,958	(2,206)
Due from related parties	4,188	6,336
	(6,398,944)	(2,326,754)
FINANCING ACTIVITIES		
Issuance of shares	5,333,025	4,111,400
Issue costs	(86,500)	(68,385)
Shares to be issued	765,382	50,000
Loans payable	535,650	1,124,391
Interest paid	-	(64,710)
Option exercise	-	157,214
Warrant exercise	983,275	3,556,105
Gold Secured Loan	1,313,800	-
Loan Conterra	3,763,500	-
Loan Redrock Resources	(324,425)	-
	12,283,707	8,866,015
INVESTING ACTIVITIES		
Cash acquired on acquisition of Colombia Milling Ltd.	-	294,546
Cash paid to acquire Colombia Milling Ltd.	-	(2,369,763)
Deferred acquisition costs	-	(731,004)
Expenditures on exploration and evaluation assets	(471,406)	(1,089,553)
Mineral property costs	(3,970,260)	(1,500,784)
Acquisition of North Otu	(312,000)	-
Acquisition of Gold Road	(1,314,813)	-
Purchase of equipment	(665,623)	(224,083)
	(6,734,102)	(5,620,641)
Foreign exchange effect on cash	(1,535)	13,605
(DECREASE) INCREASE IN CASH DURING THE PERIOD	(850,874)	932,225
CASH, BEGINNING OF THE PERIOD	955,107	22,882
CASH, END OF THE PERIOD	104,233	955,107

The accompanying notes are an integral part of these 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. During the period ended December 31, 2017 the Company changed its fiscal year end to December 31, 2017.

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 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 December 31, 2017, the Company had an accumulated deficit of $16,750,458 (September 30, 2016 – $8,758,585). For the period ended December 31, 2017, the Company incurred a loss and comprehensive loss of $10,388,618 (September 30, 2016 - $2,204,933), had negative cash flow from operations amounting to $6,398,944 (September 30, 2016 – $2,326,754) and had a working capital deficit of $14,527,463 (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 or generate sufficient cash flow from operations to meet its financing needs.

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

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

2. ACQUISITION OF COLOMBIA MILLING

On July 20, 2015, the Company announced it had entered into a shareholders' agreement ("Shareholders' Agreement"), subscribing for common shares of Colombia Milling Limited, a Belize incorporated Company. Pursuant to the Shareholders' 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. CML's only assets were its 62% ownership of Four Points Mining SAS ("Four Points") 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

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 (“Martin”) and SAEF Exploration Inc. (“SAEF”). 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 Company’s 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. On July 1, 2017 the Company increased its ownership to 80% and recorded a decrease to non-controlling interest of $204,372.

3. BASIS OF PRESENTATION

Change in year end

Effective in 2017, the Company changed its financial year-end from September 30 to December 31 as the Company moves to align its year-end with that of its subsidiaries. Accordingly, these consolidated financial statements present the statements of financial position as at December 31, 2017 and September 30, 2016 and the results of operations for the fifteen and thirteen-month periods then ended.

Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee, effective for the Company's reporting for the year ended December 31, 2017.

These consolidated financial statements were approved by the board of directors for use on April 23, 2018.

Basis of measurement

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company and the Company's 100% wholly-owned subsidiaries ANGRA, Zara Holdings S.A.S and Colombia Milling Limited ("CML") and of Gold Road Mining, which the Company has 88% ownership of. The financial statements of CML contain the results of Four Points Mining, a Colombian entity that CML has 80% ownership of. The consolidated financial statements attribute an amount to non-controlling interest ("NCI") related to Four Points Mining and Gold Road Mining.

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

The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Functional and presentation currency

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Para is the Canadian dollar. The functional currency of ANGRA is the Brazilian Real. The functional currency of CML and Gold Road Mining is the US dollar. The presentation currency of the Company is the Canadian dollar.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities at the closing rate as at the reporting date and income and expenses at the average rate of the period. All resulting changes are recognized in other comprehensive loss as cumulative translation differences.

On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of loss.

4. SIGNIFICANT ACCOUNTING POLICIES

Inventory
The Company's inventory consists of supplies and parts and is valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs

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

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

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

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

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

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

Mineral property
The costs associated with exploration and evaluation properties are transferred to mine properties once the work completed to date supports the future development of the property and such development receives appropriate approvals. All costs relating to the construction, installation or completion of a mine that are incurred subsequent to the exploration and evaluation stage are capitalized to mine properties. Development expenditure is net of proceeds from the sale of ore extracted during the development phase.

The Company assesses the stage of each mine under construction to determine when a property reaches the stage when it is in the condition for it to be capable of operating in a manner intended by management. Upon commencement of commercial production, costs capitalized during development are amortized.

The Company has determined that as at December 31, 2017 the El Limon mine is not yet in commercial production. Once a mineral property has been brought into commercial production, costs of any additional work on that property are expensed as incurred, except for development programs which constitute a betterment, which will be deferred and depleted over the remaining useful life of the related assets. Mine properties include decommissioning and restoration costs related to the reclamation of mine properties. Mine properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in profit or loss.

Mine properties are depreciated and depleted on the unit-of-production basis using the mineable tonnes extracted from the mine in the period as a percentage of the total mineable tonnes to be extracted in current and future periods based on mineral resources.

Mine properties are recorded at cost, net of accumulated depreciation and depletion and accumulated impairment losses, and are not intended to represent future values.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Plant and equipment
Plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses.

The cost of an item of plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs.

Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of plant and equipment.

Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as plant and equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as a cost of inventory.

The carrying amounts of plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of mine or lease, if shorter. Depreciation starts on the date when commissioning is complete and the asset is ready for its intended use. The major categories of plant and equipment are depreciated at the following rates:

Office equipment	5 years
Vehicles	5 years
Buildings and construction	20 years
Machinery	10 years

Impairment of non-financial assets
The carrying amounts of non-financial assets are reviewed for indicators of impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value-in-use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the assets are grouped together into the smallest group of assets that generate independent cash inflows and then a review is undertaken at the cash-generating unit level.

If the carrying amount of an individual asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recorded profit or loss to reflect the asset at the lower amount. In assessing the value-in-use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a pre-tax discount rate which reflects the current market's assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

A reversal of a previously recognized impairment loss is recorded in profit or loss when events or circumstances indicate that the estimates used to determine the recoverable amount have changed since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of amortization which would have arisen if the prior impairment loss had not been recognized. After such a reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial assets
All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories:

Financial assets classified as Fair Value through Profit or Loss ("FVTPL") are measured at fair value with unrealized gains and losses recognized through profit or loss.

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

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

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

Impairment of financial assets
At each reporting date, the Company assess whether there is objective evidence that a financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on estimated future cash flows of that asset. An impairment loss is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at their original effective interest rate. The carrying amount of the asset is reduced either directly or indirectly through the use of an allowance account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. All impairment losses are recognized in profit or loss except for available-for-sale assets, where a reversal of an impairment loss is recognized immediately in profit or loss but only to an amount that does not exceed previously recognized impairment losses for the asset. Any excess of the fair value above the amount of the impairment reversal is recognized in Other Comprehensive Income ("OCI").

Financial liabilities

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

Income taxes

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

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

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

Royalties and revenue-based taxes are accounted for under IAS 12 Income Taxes ("IAS 12") when they have the characteristics of income tax. This is considered the case when they are imposed under government authority and the amount payable is based on taxable income – rather than based on quantity produced or as a percentage of revenue – after adjustment for temporary differences. Obligations arising from royalty arrangements that do not satisfy these criteria are recognized as current provision and included in production costs. The royalties payable by the Company are not considered meeting the criteria to be treated as part of income tax.

Share capital

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

In the event the Company receives funds in advance for shares that have not yet been issued the Company will record the amount within equity as shares to be issued. Once the shares have been issued the Company will reallocate the value to share capital.

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

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

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

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

Non-controlling interest
Non-controlling interest is measured at its proportionate share of the acquiree's identifiable net assets or liabilities. Net income or loss and comprehensive income or loss, for the period, are allocated between non-controlling interest and owners of the parent. Non-controlling interest in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in a Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Revenue recognition
The Company recognizes revenue when:
- The significant risks and rewards of ownership have been transferred;
- The amount of revenue can be measured reliably
- It is probable the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of consideration received or receivable. Any sales that occur prior to the commencement of commercial production are credited to mineral properties.

Proceeds from the sales prior to commencing commercial production are credited to mineral property.

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

Valuation of equity units issued in a private placement
Shares and warrants issued as private placement units are measured using the residual value method whereby value is first allocated to the common shares component based on its fair value with the residual value being attributed to the warrant unit. The fair value of finder's warrants are calculated based on the Black-Scholes valuation model.

Share issuance costs
Share issue costs, which includes commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

Accounting standards development
The following standards have been issued but not yet applied:

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

- IFRS 15*, Revenue from Contracts with Customers*, was issued in May 2014 and establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The required adoption date for IFRS 15 is the annual period beginning on or after January 1, 2018, with early adoption permitted. The Company has concluded that adoption of the new standard will not have a material impact on its consolidated financial statements.

- 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.

5. 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.

Impairment of non-current assets
The Company assesses each asset or CGU at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance. These estimates and assumptions are subject to risk and uncertainty and therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. Management has assessed its CGUs as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets/CGUs.

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. 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:

- the level of capital expenditures incurred relative to the expected costs to complete;
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce saleable metals;
- the attainment of relevant permits;
- the ability to sustain ongoing production; and
- 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 Company's 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
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.

6. 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 unpatented claims, the existing mill site and water rights claims, the mining and milling equipment consisting of a 500 tonnes per day cyanide leach facility, the related buildings, vehicles and all assets comprising the facility. Gold Road was last an operating mine in June 2016. The Company accounted for the acquisition as an asset acquisition as Gold Road does not constitute a business. 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.

As at December 31, 2017 the Company had recorded $127,186 of accretion expense on the loan.

7. PREPAIDS

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

	December 31, 2017	**September 30, 2016**
	$	**$**
Investor relation	291,467	101,238
Advances to suppliers	545,447	98,918
Advances to employees	-	127,379
Other advances	93,466	91,343
Insurance	5,000	-
Total prepaids	**935,380**	**418,878**

8. MINERAL PROPERTY

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

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

	El Limon	**North Otu**	**Gold Road**	**Total**
	$	**$**	**$**	**$**
Balance, August 31, 2015	**-**	**-**	**-**	**-**
Acquisition of CML	13,351,267	-	-	13,351,267
Development costs	1,758,434	-	-	1,758,434
Foreign exchange translation	79,774	-	-	79,774
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**

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.
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.

During the period ended December 31, 2017, the Company incurred $72,500 of development costs and considers the North Otu a mine under development. The mine is not yet in commercial production, all revenues associated with the mine will be capitalized as development costs.

9. EXPLORATION AND EVALUATION ASSETS

	North Otu	Tucumã	Total
	$	$	$
Acquisition Cost			
Balance, September 30, 2016	973,895	1	973,896
Transfer to mineral property	(973,895)	-	(973,895)
Balance, December 31, 2017	-	1	1
Deferred Exploration Costs			
Balance, September 30, 2016	-	1,509,409	1,509,409
Additions	-	232,041	232,041
Balance, December 31, 2017	-	1,741,450	1,741,450
Balance, September 30, 2016	**973,895**	**1,509,410**	**2,483,305**
Balance, December 31, 2017	**-**	**1,741,451**	**1,741,451**

Transfer of Balance of Zara Acquisition to Mineral Properties
On September 30, 2017 it was decided to transfer the Balance of $973,895 attributable to the Zara acquisition to Mineral Properties. This given that the Zara properties would provide the third party ore to the El Limon Mine

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.

	December 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	1,468	3,989
Consulting	213,487	172,583
Field supplies	56,627	79,102
Licenses	22,392	17,637
Miscellaneous	-	413
Personnel	59,552	50,535
Project administration	93,933	81,336
Vehicle expenses	23,947	27,563
Foreign exchange on mineral property	(239,365)	1,557
Total additions during the period	232,041	434,715
Balance, end of the period	1,741,450	1,509,409
Total Acquisition Cost and Deferred Exploration Costs	**1,741,451**	**1,509,410**

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 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.

10. 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	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**

	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	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**
Net Book Value					
September 30, 2016	**741,160**	**4,513,141**	**41,119**	**104,165**	**5,399,584**
December 31, 2017	**770,635**	**8,666,871**	**50,967**	**71,989**	**9,560,462**

During the period ended December 31, 2017, $269,497 (September 30, 2016 - $257,716) of depreciation was capitalized to mineral properties and $54,706 (September 30, 2016 - $6,750) was recorded as depreciation expense.

11. 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.

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.

12. LOANS 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 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. On January 28, 2017, Conex increased the facility to a maximum of $5,000,000 for no additional consideration.

The loans payable at December 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	451,934
Interest and accretion	1,049,158
Balance, December 31, 2017	**4,367,781**

13. HELM BANK LOAN

As at September 30, 2016, 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, 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	263,947
Foreign exchange on translation	(250,979)
Balance, December 31, 2017	**5,752,419**

14. 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 December 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**
Payment	(324,425)
Interest and accretion	339,809
Foreign exchange on translation of loan	(41,107)
Balance, December 31, 2017	**961,845**

15. 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 December 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	852,105
Interest and accretion	101,739
Foreign exchange on translation of loan	9,542
Balance, September 30, 2016	**963,386**
Interest and accretion	434,855
Foreign exchange translation	(66,823)
Balance, December 31, 2017	**1,331,418**

16. 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 and at December 31, 2017 the Company had recorded $167,199 of interest.

17. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

On April 28, 2017, the Company closed the first tranche of its non-brokered private placement issuing 8,295,375 units (each individual "Unit") at $0.20 per Unit, for gross proceeds of $1,659,075. Each Unit consists of one common share of the Company and one-half common share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company for a period of 18 months at $0.30 per warrant. The Company values warrants using the residual method and allocated a nil value to the warrants.

On May 19, 2017, the Company closed the 2nd tranche of its non-brokered private placement issuing 3,650,000 Units at $0.20 per Unit, for gross proceeds of $730,000. The Company values warrants using the residual method and allocated a nil value to the warrants.

On June 15, 2017, the Company closed the 3rd and final tranche of its non-brokered private placement issuing 14,969,750 Units at $0.20 per Unit, for gross proceeds of $2,993,950. The Company values warrants using the residual method and allocated a nil value to the warrants.

The Company incurred $59,500 of cash financing costs and issued 127,750 finders' warrants. The finders warrants were fair valued at $12,770 using the black-scholes option pricing model using the following

assumptions: expected life 1.5 years; expected dividend nil; volatility 117%; risk free rate 1.09%; expected forfeiture rate nil.

During the period ended September 30, 2016 the Company completed the following financings:

On December 8, 2015, the Company issued 2,953,333 units at $0.12 per unit for gross proceeds of $354,400 and 1,666,666 units to settle debt of $200,000. Each unit consists of one common share of the Company and one half-warrant, with each full warrant entitling the holder to acquire one common share of the Company at a price of $0.18 for a period of 18 months from their date of issuance. The Company fair valued the warrants at $46,200 using the residual method. No gain on debt settlement was recorded. The Company issued 87,000 finders warrants that were fair valued at $5,005 using an option pricing model. The assumptions used were; Risk free rate of 0.48%; volatility 143%, forfeiture rate nil; expected dividend nil; expected useful life 1.5 years.

On January 29, 2016, the Company issued 24,430,000 units to settle $2,931,600 of debt (Note 6). Each unit consists of one common share of the Company and one half-warrant, with each full warrant entitling the holder to acquire one common share of the Company at a price of $0.18 for a period of 18 months from their date of issuance. The shares were fair valued at $0.08 and the warrants were valued using an option pricing model and fair valued at $447,665. The assumptions used were; Risk free rate of 0.42%; volatility 143%, forfeiture rate nil; expected dividend nil; expected useful life 1.5 years. The Company recorded a gain on debt settlement of $529,535.

On February 22, 2016, the Company issued 500,000 units at $0.12 per unit for gross proceeds of $60,000. The units were identical to those issued on December 8, 2015 and the warrants were fair valued at $20,000 using the residual method. The Company issued 20,000 finders warrants that were fair valued at $722 using an option pricing model. The assumptions used were; Risk free rate of 0.45%; volatility 141%, forfeiture rate nil; expected dividend nil; expected useful life 1.5 years. The Company incurred $29,334 of cash issue costs.

On March 17, 2016, the Company closed its previously announced private placement issuing 6,378,332 units at $0.12 per unit for gross proceeds of $765,400. Each unit consisted of on common share of the Company and one half common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company at a price of $0.18; the warrants expire on September 17, 2017. The Company fair valued the warrants at $nil using the residual method. The Company paid $30,450 in cash financing costs and issued an additional 362,500 finders warrants. The finder's warrants were fair valued at $41,050 using an option pricing model. The assumptions used were; Risk free rate of 0.45%; volatility 146%, forfeiture rate nil; expected dividend nil; expected useful life 1.5 years

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.

The Company's stock options outstanding as at December 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	3,740,000	0.22	
Expired	(365,000)	0.75	
Balance, December 31, 2017	**5,265,000**	**0.18**	**2.54**

During the period ended December 31, 2017 the Company issued 3,740,000 (September 30, 2016 – 1,025,000) options to directors and consultants, vesting immediately. The Company fair valued the options at $627,725 (September 30, 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 – 5 years	5 years
Expected volatility	126%	143%
Forfeiture rate	Nil	Nil
Expected dividends	Nil	Nil

Stock options outstanding and exercisable at December 31, 2017 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
5,265,000	0.18	

Warrants

The Company's warrants outstanding as at December 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
Issued	13,585,313	0.30
Expired	(5,518,154)	0.19
Exercised	(5,280,241)	0.19
Balance, December 31, 2017	13,585,313	0.30

Warrants outstanding as at December 31, 2017 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
13,585,313		

Weighted average remaining contractual life is 0.91 years.

18. 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 periods ended December 31, 2017 and September 30, 2016 are as follows:

	December 31, 2017 $	September 30, 2016 $
Consulting fees paid to a director	637,799	366,709
Administrative fees paid to a company controlled by a director	-	49,309
Salaries	593,295	-
	1,231,094	416,018

As at December 31, 2017, $52,908 (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 December 31, 2017, loans totaling $40,943 (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 $17,691 bear an interest rate of 1% per month compounded monthly and are due on demand.

At December 31, 2017, the Company owed the following amounts to the Chief Operating Officer and director of the Company: a total of $187,210 for fees accrued as Chief Operating Officer of the Company. A balance of $88,425 for equipment purchased from a company controlled by Chief Operating Officer, in 2017.

Compensation paid to key management personal for the periods ended December 31, 2017 and September 30, 2016 is identical to the table above.

19. INCOME TAX

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as computed for income tax purposes gives rise to deferred tax liabilities as follows:

	December 31, 2017 $	**September 30, 2016 $**
Property, equipment and mineral property	(6,285,821)	(5,339,324)
Tax loss carry forwards	2,630,585	1,279,324
Prepaid taxes	432,231	443,147
Deferred tax liabilities	(3,223,005)	(3,616,852)

As at December 31, 2017 no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

	December 31, 2017 $	**September 30, 2016 $**	**Expiry Date Range**
Canadian tax loss carry forwards	8,058,000	4,472,000	2027-2037
Share issue costs	142,000	128,000	2037-2042
Brazil exploration assets	93,000	170,000	Indefinite

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 26% (2016 – 26%) as follows:

	December 31, 2017	**September 30, 2016**
Canadian statutory rate	26%	26%
Income tax recovery at Canadian statutory rates	2,512,496	(552,316)
Effect of different tax rates in foreign jurisdictions	(309,614)	(1,042)
Permanent differences and other	(896,246)	(287,991)
Change in unrecognized deductible temporary difference	(1,258,415)	690,244
Change due to foreign translation and other	199,738	147,339
	247,960	(3,766)

20. 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 $6,554,868 (September 30, 2016 – $6,921,649). 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 December 31, 2017. The Company is not subject to externally imposed capital requirements.

21. 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.

	December 31, 2017	September 30, 2016
	$	$
Loans and Receivables:		
Cash	104,233	955,107
Other financial liabilities		
Accounts payable and accrued liabilities	2,075,345	1,150,389
Due to related parties	113,050	105,623
Loan Conterra	3,930,699	-
Loan Gold Road	5,586,234	-
Loans payable	4,367,781	2,866,689
Loan Helm Bank	5,752,419	5,739,451
Loan Rayforte	1,331,418	963,386
Loan Redrock Resources	961,845	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, receivables, accounts payable and accrued liabilities, 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 Rayforte loan is considered a level two financial instrument and fair valued using a discounted cash flow model and effective interest rate of 24.5%.

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% for the Conterra loan and 10% for the Gold Road loan. Non-current liabilities include the loans payable of $566,0458, the Conterra Loan of $3,930,699, and the Gold Road loan of $4,445,143.

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.

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 $280,000.

The Company's financial assets and liabilities as at December 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	4,309	97,282	-	2,642	104,233
Accounts receivable	8,795	-	-	9,555	18,350
	13,104	97,282	-	12,197	122,583
Financial liabilities					
Accounts payable and accrued liabilities	335,032	786,357	905,733	48,223	2,075,345
Due to related party	113,050	-	-	-	113,050
Loan payable	4,367,781	-	-	-	4,367,781
Loan Rayforte	-	1,331,418	-	-	1,331,418
Loan Red Rock Resources	-	961,845	-	-	961,845
Loan Conterra	-	3,930,699	-	-	3,930,699
Loan Gold Road	-	5,586,234	-	-	5,586,234
Loan Helm Bank	-	5,752,419	-	-	5,752,419
	4,815,863	18,348,972	905,733	48,223	24,118,791

The Company's financial assets and liabilities as at September 30, 2016 are denominated in Canadian dollars, Brazilian real, Columbian Pesos, and US dollars 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.

22. 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 fifteen months ended December 31, 2017 and thirteen months ended September 30, 2016 and as at December 31, 2017 and September 30, 2016 is as follows.

	As at and for the fifteen months ended December 31, 2017				
	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total
	$	$	$	$	$
Loss for the period	2,112,086	1,652,149	-	6,467,683	10,231,918
Salaries	620,896	-	-	716,103	1,336,999
Consulting	407,546	592,801	-	1,250,007	2,250,354
Investor relations	-	-	-	193,125	193,125
Interest expense	911,916	299,490	-	1,543,253	2,754,659
Depreciation	54,706	-	-	-	54,706
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

	September 30, 2016			
	El Limon	Exploration and evaluation	Corporate and other	Total
	$	$	$	$
Loss for the period	548,321	-	1,575,969	2,124,290
Salaries	230,507	-	-	230,507
Consulting	-	-	416,624	416,624
Investor relations	-	-	500,393	500,393
Interest expense	265,760	-	525,112	790,872
Depreciation	6,750	-	-	6,750
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

Geographic segment:
The Company's assets and liabilities as at December 31, 2017 and September 30, 2016 and the Company's expenses by geographic area for the periods ended December 31, 2017 and September 30, 2016 are as follows:

	As at and for the fifteen months ended December 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	1,890,497	1,352,659	-	3,980,319	7,223,475
Other expenses	612,426	299,490	-	2,096,527	3,008,443
Net loss	2,502,923	1,652,149	-	6,076,846	10,231,918

	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
Expenses	282,560	-	1,856,260	2,138,820
Other expenses	265,760	-	(280,290)	(14,530)
Net loss	548,321	-	1,575,968	2,124,290

23. SUBSEQUENT EVENTS

- 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. As at December 31, 2017 the Company had $765,382 in subscriptions received.

- On February 23, 2018, the Company announced, subject to regulatory approval, the grant of a total of 2,000,000 stock options to a director of the Company to purchase common shares of the Company in accordance with its stock option plan. The options vest immediately and are issued at an exercise price of $0.23 per option and expire five years from the date of issuance.