

Calico Resources Corp.
Condensed Consolidated Interim Financial Statements
Nine Month Period Ended March 31, 2016
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim unaudited financial statements of Calico Resources Corp. (An Exploration Stage Company) are the responsibility of the Company's management. The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the condensed consolidated interim unaudited financial statements prior to their submission to the Board of Directors for approval.

"Paul A Parisotto"

Paul A Parisotto

Chief Executive Officer

"Alec Peck"

Alec Peck

Chief Financial Officer

Condensed Consolidated Unaudited Interim Financial Statements

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim unaudited financial statements for the nine months ended March 31, 2016.

Calico Resources Corp.
Condensed consolidated interim unaudited statements of financial position
(Expressed in Canadian dollars)

	Notes	March 31, 2016	June 30, 2015
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 157,655	\$ 1,791,499
Receivables		9,906	11,207
Prepaid expenses		13,800	12,483
		181,361	1,815,189
Non-current assets			
Exploration and evaluation assets	4, 8	14,351,982	12,433,509
		14,351,982	12,433,509
TOTAL ASSETS		\$ 14,533,343	\$ 14,248,698
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	5, 8	\$ 1,007,387	\$ 907,563
Loan payable	12	389,670	-
TOTAL LIABILITIES		1,397,057	907,563
SHAREHOLDERS' EQUITY			
Share capital	6	18,615,361	18,613,384
Reserves	7	2,500,986	2,463,604
Accumulated other comprehensive income		2,276,622	1,841,170
Deficit		(10,256,683)	(9,577,023)
TOTAL SHAREHOLDERS' EQUITY		13,136,286	13,341,135
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 14,533,343	\$ 14,248,698

Subsequent event Note 13

Approved on behalf of the Board by:

"John Pollesel"..... Director
John Pollesel

"Kevin Milledge" Director
Kevin Milledge

Calico Resources Corp.
Condensed consolidated interim unaudited statements of loss and comprehensive income
(Expressed in Canadian dollars)

	Notes	Three month period ended March 31,		Nine month period ended March 31,	
		2016	2015	2016	2015
Expenses					
Audit and tax services		\$ 6,250	\$ 8,000	\$ 20,400	\$ 26,468
Administration		16,851	23,169	58,157	75,436
Arrangement agreement	12	291,471	-	291,471	-
Insurance		3,375	2,663	9,458	7,988
Investor relations		2,384	3,944	4,893	11,616
Legal services	6	20,038	41,942	104,203	103,047
Management fees		52,458	50,270	143,843	141,957
Share-based payments	10	12,460	33,616	37,382	188,178
Transfer agent and filing fees		2,410	10,101	8,614	41,623
Travel, promotion and board meetings		584	7,780	7,293	17,601
		(408,281)	(181,485)	(685,714)	(613,914)
Other items					
Interest income		2,252	1,970	5,914	2,028
Interest expense		-	-	-	(4,723)
Foreign exchange gain / (loss)		(10,026)	(31,481)	140	(18,773)
Net loss for period		(416,055)	(210,996)	(679,660)	(635,382)
Other comprehensive income					
Exchange differences on translating foreign operations		(925,773)	965,297	435,452	1,740,534
Total comprehensive income / (loss)		\$ (1,341,828)	\$ 754,301	\$ (244,208)	\$ 1,105,152
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		102,445,845	77,445,845	102,445,845	72,132,274

Calico Resources Corp.
Condensed consolidated interim unaudited statements of changes in shareholders' equity
(Expressed in Canadian dollars)

	Share Capital		Subscriptions Received	Reserves	Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount	Amount	Warrant and stock option reserves			
Balance at June 30, 2014	54,137,036	\$ 13,721,608	\$ 54,000	\$ 2,399,598	\$ 260,233	\$ (8,766,103)	\$ 7,669,336
Shares issued for cash - private placements	17,886,665	2,508,000	(54,000)	-	-	-	2,454,000
Fair value of share purchase warrants		(421,197)	-	421,197	-	-	-
Shares issued for debt	2,526,144	303,137	-	-	-	-	303,137
Share issue costs	-	(30,395)	-	(5,799)	-	-	(36,194)
Shares issued non-cash	2,896,000	550,240	-	(550,240)	-	-	-
Share-based payment				188,178			188,178
Currency translation adjustment	-	-	-	-	1,740,534	-	1,740,534
Net loss for the period	-	-	-	-	-	(635,382)	(635,382)
Balance at March 31, 2015	77,445,845	\$ 16,631,393	\$ -	\$ 2,452,934	\$ 2,000,767	\$ (9,401,485)	\$ 11,683,609
Balance at June 30, 2015	102,445,845	\$ 18,613,384	\$ -	\$ 2,463,604	\$ 1,841,170	\$ (9,577,023)	\$ 13,341,135
Shares issued for cash - private placements	-	-	-	-	-	-	-
Fair value of share purchase warrants		-	-	-	-	-	-
Shares issued for debt	-	-	-	-	-	-	-
Share issue cost recovery	-	1,977	-	-	-	-	1,977
Shares issued non-cash	-	-	-	-	-	-	-
Share-based payment	-	-	-	37,382	-	-	37,382
Currency translation adjustment	-	-	-	-	435,452	-	435,452
Net loss for the period	-	-	-	-	-	(679,660)	(679,660)
Balance at March 31, 2016	102,445,845	\$ 18,615,361	\$ -	\$ 2,500,986	\$ 2,276,622	\$ (10,256,683)	\$ 13,136,286

See accompanying notes to the condensed consolidated interim unaudited financial statements

Calico Resources Corp.
Condensed consolidated interim unaudited sstatements of cash flows
(Expressed in Canadian dollars)

	Notes	Three month period ended March 31,		Nine month period ended March 31,	
		2016	2015	2016	2015
Operating activities					
Net loss for period		\$ (416,055)	\$ (210,996)	\$ (679,660)	\$ (635,382)
Adjustments for non-cash items:					
Depreciation		-	1,147	-	1,349
Share-based payments		12,460	33,616	37,382	188,178
Changes in non-cash working capital items:					
Other receivable and prepaid expenses		(3,603)	(10,287)	(16)	16,021
Trade payables and accrued liabilities		301,935	40,563	285,905	(218,425)
Net cash flows used in operating activities		(105,263)	(145,957)	(356,389)	(648,259)
Investing activities					
Expenditures on exploration and evaluation assets		(543,273)	(724,454)	(1,609,802)	(1,655,713)
Net cash flows used in investing activities		(543,273)	(724,454)	(1,609,802)	(1,655,713)
Financing activities					
Proceeds on issuance of common shares		-	-	-	2,417,806
Loan payable	12	389,670	-	389,670	-
Share issue cost recovery		-	-	1,977	-
Net cash flows from investing activities		389,670	-	391,647	2,417,806
Currency translation adjustment		(76,631)	89,644	(59,300)	103,827
Increase / (decrease) in cash and cash equivalents		(335,497)	(780,767)	(1,633,844)	217,661
Cash and cash equivalents, beginning of the period		493,152	1,006,117	1,791,499	7,689
Cash and cash equivalents, end of the period		\$ 157,655	\$ 225,350	\$ 157,655	\$ 225,350

Note 11 – Non-cash transactions

1. Nature of operations

Calico Resources Corp. (the "Company") and its wholly owned subsidiary, Calico Resources USA Corp. are focused on advancing its 100% owned Grassy Mountain Gold Project ("Grassy Mountain") located in Oregon, U.S.A. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "CKB". The head office and principal address of the Company is located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered and records office address is Suite 300 – 1168 Hamilton Street, Vancouver, British Columbia, Canada, V6B 2S2.

2. Statement of compliance and basis of preparation

These condensed consolidated interim unaudited financial statements were authorized for issue on May 27, 2016 by the directors of the Company.

Statement of compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended June 30, 2015.

The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended June 30, 2015.

Going concern

These condensed consolidated interim unaudited financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At March 31, 2016, the Company had not achieved profitable operations, had a net loss of \$679,660 for the nine month period ended March 31, 2016 and accumulated losses of \$10,256,683 since inception, had not advanced its mineral properties to commercial production and expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. (See also Note 12)

2. Statement of compliance and basis of preparation (cont'd)

Basis of preparation

The condensed consolidated interim unaudited financial statements have been prepared on a historical cost basis. The condensed consolidated interim unaudited financial statements are presented in Canadian dollars.

Significant accounting judgments and estimates

These condensed consolidated interim unaudited financial statements are unaudited and prepared on a condensed basis in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standard Board ("IASB"). These condensed consolidated interim unaudited financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company's Annual Financial Statements as at and for the year ended June 30, 2015. Accordingly, these condensed consolidated interim unaudited financial statements for the nine month period ended March 31, 2016 and 2015 should be read together with the Annual Financial Statements as at, and for the year ended, June 30, 2015.

The following standards and interpretations have been issued but are not yet effective:

The following standards, interpretations and amendments, which have not been applied in these condensed consolidated interim unaudited financial statements, may have an effect on the Company's future condensed consolidated interim unaudited financial statements. The Company is in the process of evaluating these new standards.

IFRS 9 — Financial instruments, classification and measurement

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

3. Cash and cash equivalents

Cash and cash equivalents include guaranteed investment certificates with a term to maturity of up to three months from date of acquisition and which can be redeemed at any time without penalty.

4. Exploration and evaluation assets

The following is a description of the Company's Grassy Mountain exploration and evaluation assets and the related spending commitments.

Period ended March 31, 2016	
Property acquisition costs	
Balance, June 30, 2015	\$ 3,627,985
Additions	268,059
Balance, March 31, 2016	\$ 3,896,044
Exploration and evaluation costs	
Balance, June 30, 2015	\$ 8,805,524
Costs incurred during period:	
Consulting (Note 8)	347,376
Engineering	17,393
Environmental	492,764
Field supplies	527
Other costs	72,954
Permits and fees	176,531
Travel and accommodations	48,117
	1,155,662
Balance, March 31, 2016	9,961,186
Currency translation adjustment	494,752
Balance, March 31, 2016	\$ 14,351,982

USA – Oregon

On February 5, 2013, the Company exercised its option to acquire a 100% interest in the Grassy Mountain Project from Seabridge Gold Inc. ("Seabridge") by issuing 6,433,000 common shares (the "Issued Shares") and 4,567,000 Special Warrants to Seabridge. The shares and Special Warrants were valued at \$0.19 each which was based on the trading price of the shares at the date of issuance. Each Special Warrant is exercisable to acquire one additional common share of the Company (a "Special Warrant Share") for no additional consideration. The Special Warrants can only be exercised to the extent that, after exercise, Seabridge holds less than 20% of the outstanding shares of the Company. Calico has agreed to ask its shareholders to approve the exercise of those outstanding Special Warrants and approve Seabridge then holding more than 20% of the issued shares in Calico. Pursuant to the agreement, the Company agreed to guarantee the obligations of Calico Resources USA Corp., including those guaranteed to Seabridge.

On September 26, 2013, Seabridge acquired, on behalf of its wholly owned subsidiary, Seabridge Gold Corp., 1,671,000 common shares upon exercise of 1,671,000 Special Warrants. Including the initial 2,000,000 common shares issued under the original definitive option agreement dated April 18, 2011, at that time, Seabridge then owned and controlled 10,104,000 common shares and 2,896,000 Special Warrants of the Company, representing 19.55% of the outstanding common shares and 100% of the Special Warrants of the Company.

4. Exploration and evaluation assets (cont'd)

On February 19, 2014, the Company held its Annual and Special General Meeting of its shareholders. Shareholders approved the exercise by Seabridge of the balance of its 2,896,000 Special Warrants, then resulting in Seabridge holding 13 million common shares of the Company, representing 23.81% of Calico's common shares at that time. With subsequent share issuances, this interest has fallen below 20%.

There are existing letters of credit posted with the State of Oregon – Department of Geology and Mineral Industries (DOGAMI) in the amount of \$146,200 in respect of possible reclamation work required on the property. This existing security has been posted by Seabridge. The Company is required to use reasonable commercial efforts to arrange for the release of the existing security and replace this existing security with new letters of credit or reclamation bonds as soon as possible after registered title to the property has transferred to the Company. The intention of the Company is to replace the security; however this has not been completed.

On November 1, 2014, the Company entered into an amendment of the mining lease and agreement regarding Grassy Mountain with Sherry & Yates Inc., which originally provided the Company with an option to buy down the royalty to 1%, with a cash payment of \$2.1 US million at any time up to February 16, 2015. The terms of the agreement as originally entered into on February 16, 2004 provided for production royalty payments to be based on the price of gold. The rates are as follows:

Production Royalty Rate on Gross Proceeds	Gold Price Per Ounce (\$US)
4.0%	Less than \$500
5.0%	\$500-800
6.0%	Over \$800

In addition, the original agreement provides for a 4% production royalty on any other metals, other than gold.

On November 1, 2014, Sherry & Yates Inc. agreed to amend the buy down option as follows:

- from February 17, 2015 to February 16, 2016 the royalty can be bought down to 1% for \$2.2 US million;
- from February 17, 2016 to February 16, 2017 the royalty can be bought down to 1.25% for \$2.3 US million; and
- from February 17, 2017 to February 16, 2018 the royalty can be bought down to 1.5% for \$2.4 US million.

The advance royalty payment remains the same at \$100,000 US per year, due on February 15th of each year.

5. Trade payables and accrued liabilities

	March 31, 2016	June 30, 2015
Trade payables	\$ 562,927	\$ 671,942
Amounts due to related parties (Note 8)	126,965	121,217
Accrued liabilities	317,495	114,404
	\$ 1,007,387	\$ 907,563

6. Share capital and other components of equity

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2016, there were 102,445,845 issued and fully paid common shares (June 30, 2015 – 102,445,845).

Warrants

The following table summarizes information about the issued and outstanding warrants for the period ended March 31, 2016 and the year ended June 30, 2015:

	March 31, 2016		June 30, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	9,776,663	\$ 0.18	5,753,683	\$ 0.29
Warrants issued	-	-	9,776,663	0.18
Warrants exercised	-	-	-	-
Warrants expired	(9,776,663)	0.18	(5,753,683)	0.29
Warrants outstanding and exercisable, end of period	-	\$ -	9,776,663	\$ 0.18

6. Share capital (cont'd)

As at March 31, 2016 there were no warrants outstanding.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and technical consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance is a rolling plan of 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. Subject to the Board of Directors discretion, options vest on date of grant. (See also Note 12)

The changes in options during the period ended March 31, 2016 and the year ended June 30, 2015 are as follows:

	March 31, 2016		June 30, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding and exercisable, beginning of period	3,220,000	\$ 0.25	1,415,000	\$ 0.45
Options granted	-	-	2,375,000	0.16
Options cancelled/expired	(600,000)	0.36	(570,000)	0.40
Options outstanding and exercisable, end of period	2,620,000	\$ 0.22	3,220,000	\$ 0.25

6. Share capital (cont'd)

As at March 31, 2016 there were 2,620,000 stock options outstanding as follows:

Number of stock options outstanding	Exercise price	Expiry date
50,000	\$ 0.40	May 12, 2016
110,000	\$ 0.60	June 10, 2016
25,000	\$ 0.60	August 22, 2016
185,000	\$ 0.60	December 22, 2016
1,350,000	\$ 0.16	August 18, 2019
600,000	\$ 0.17	August 25, 2019
300,000	\$ 0.17	January 20, 2020
2,620,000		

The weighted average expected life remaining of stock options outstanding at March 31, 2016 is 3.03 years (June 30, 2015 – 3.16 years).

7. Reserves

Stock option reserves

The stock option reserve records items recognized as share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserves

The warrant reserve records items recognized as part of a unit financing, and for special warrants issued, until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Accumulated other comprehensive income

The accumulated other comprehensive income reserve records exchange differences arising on translation of a subsidiary of the Company that has a functional currency other than the Canadian dollar.

8. Related party balances and key management personnel

The following amounts due to related parties are included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of payments. All related party amounts are to key management personnel.

8. Related party balances and key management personnel (cont'd)

	March 31, 2016	June 30, 2015
Directors and officers of the Company	\$ 126,965	\$ 121,217

Transactions with related parties are summarized in the table below:

	Nine month period ended	
	March 31 2016	March 31 2015
Management fees and other ⁽¹⁾	\$ 288,088	\$ 261,927
Share-based payment	32,845	-
	\$ 320,933	\$ 261,927

(1) In 2016, \$145,238 (2015: \$142,762) of management fees were allocated to exploration and evaluation assets as warranted.

9. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The majority of cash and cash equivalents are deposited in bank accounts which are held with major banks in Canada and U.S.A. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's main source of funding has been the issuance of equity securities for cash and cash equivalents, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

9. Financial risk management (cont'd)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in U.S. dollars:

	March 31, 2016	June 30, 2015
Cash and cash equivalents	\$ 151,645	\$ 5,551
Accounts payable	(224,907)	(478,185)
	\$ (73,262)	\$ (472,634)

Based on the above net exposures, as at March 31, 2016, a 10% change in the U.S. dollar to Canadian dollar exchange rate would impact the Company's net loss by \$7,326.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash and cash equivalents, trade payables and accrued liabilities and loans payable. The carrying value of these financial instruments approximates their fair values due to the short term nature of these instruments.

10. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition and exploration of mineral properties.

10. Segmented information (cont'd)

Geographic segments

The Company's non-current assets are located in the following countries:

	As at March 31, 2016		
	Canada	U.S.A.	Total
Exploration and evaluation assets	-	\$ 14,351,982	\$14,351,982

	As at June 30, 2015		
	Canada	U.S.A.	Total
Exploration and evaluation assets	-	\$ 12,433,509	12,433,509

11. Supplemental disclosure with respect to cash flows

During the nine month period ended March 31, 2016 and 2015, the Company incurred the following non-cash investing and financing activities that are not reflected in the statements of cash flows:

	Nine month period ended	
	March 31, 2016	March 31, 2015
Exploration and evaluation assets included in trade payables and accrued liabilities	\$ 103,024	\$ 133,886

12. Arrangement Agreement

On March 14, 2016 the Company and Paramount Gold Nevada Corp. (NYSE MKT:PZG) ("Paramount") announced that they entered into an arrangement agreement dated March 14, 2016 (the "Arrangement Agreement") pursuant to which Paramount has agreed to acquire all of the issued and outstanding common shares of Calico ("Calico Shares") by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

Pursuant to the Arrangement Agreement, holders of Calico Shares ("Calico Shareholders") will be entitled to receive 0.07 of a share of common stock of Paramount ("Paramount Shares") in exchange for each Calico Share held (the "Exchange Ratio"), representing an implied offer price of CDN\$0.112 per Calico Share and a premium of 49.2% (based on the Bank of Canada noon exchange rate of US\$1.00 to CDN\$1.3215 on the last trading day prior to the announcement of the Arrangement) and a premium of 45.5% based on the trailing 30-day volume weighted average trading price of Calico Shares on the TSX Venture Exchange and Paramount Shares on the NYSE MKT as of the date of the Arrangement Agreement. Based on the foregoing, the Arrangement represents total consideration to Calico Shareholders of CDN\$11.5 million. All existing Calico stock options will be cancelled in connection with the Arrangement. Approximately 7,171,209 Paramount Shares are expected to be issued to existing Calico Shareholders, which would result in existing Calico Shareholders owning approximately 46% of the combined company on a basic basis and approximately 43% on a fully-diluted basis (based on the Exchange Ratio, the number of issued and outstanding Calico Shares and Paramount Shares, and the number of outstanding options to acquire Paramount Shares as of the date

of the Arrangement Agreement). In addition to shareholder and court approvals, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature. The Company will hold a shareholders meeting on Wednesday June 29, 2016 to consider the arrangement.

In connection with the Arrangement, Paramount will provide Calico with interim debt financing of up to US\$800,000 (the "Interim Loan"), to be repaid 90 days following the termination of the Arrangement Agreement. The loan will be convertible into Calico Shares at a price of CDN\$0.10 per share, subject to the approval of the TSX Venture Exchange, and will be secured by all of Calico's assets. The proceeds of the Interim Loan will be used by Calico for general corporate purposes prior to the completion of the Arrangement. In the three months ended March 31, 2016 Paramount advanced \$389,670 (US\$300,000) of the interim loan.

Costs incurred by the Company to March 31, 2016 directly related to the Arrangement are as follows:

Fairness opinion	\$	100,000
Legal counsel		184,638
Tax advisory		<u>6,833</u>
	\$	<u>291,471</u>

13. Subsequent events

On May 12 2016, 50,000 options that were outstanding at March 31 2016, with an exercise price of \$0.40 expired. None of the aforementioned options were exercised.