PARA RESOURCES INC.

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

For the Three and Six Months Ended June 30, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Para Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

	Notes	June 30, 2018 $	December 31, 2017 $
ASSETS			
Current assets			
Cash		220,516	104,233
Receivables		30,763	18,350
Inventory		225,344	162,273
Prepaids	6	627,898	935,380
Total current assets		1,104,521	1,220,236
Non-current assets			
Mineral properties	5,7	26,609,419	23,842,291
Exploration and evaluation assets	8	1,662,987	1,741,451
Plant and equipment	5,9	10,051,857	9,560,462
Total non-current assets		38,324,263	35,144,204
TOTAL ASSETS		39,428,784	36,364,440
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	18	2,010,256	2,075,345
Due to related parties	18	634,619	113,050
Gold secured loan	10	1,316,800	570,798
Loan Gold Road	16	1,007,355	1,141,091
Loans Conex	11	5,759,247	3,801,733
Loan Helm Bank	12	-	5,752,419
Loan Rayforte	14	-	1,331,418
Loan Redrock Resources	13	-	961,845
Total current liabilities		10,728,277	15,747,699
Deferred income tax liability		3,202,281	3,223,005
Gold secured loan	10	-	683,702
Loan Gold Road	5,16	5,036,774	4,445,143
Loans Conex	11	-	566,048
Loan Conterra	15	4,410,467	3,930,699
Total non-current liabilities		12,649,522	12,848,597
TOTAL LIABILITIES		23,377,799	28,596,296
EQUITY (DEFICIT)			
Share capital	17	25,886,907	21,032,716
Shares to be issued	17	-	765,382
Share option and warrant reserve	17	2,366,469	1,927,107
Deficit		(14,233,806)	(16,750,458)
Accumulated other comprehensive loss		(209,359)	(419,879)
Equity attributable to shareholders		13,810,211	6,554,868
Non-controlling interest		2,240,774	1,213,276
		16,050,985	7,768,144
TOTAL LIABILITIES AND EQUITY		39,428,784	36,364,440

Nature of operations and going concern (Note 1)
Subsequent events (Note 21)

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

		Three months ended June 30,		Six months ended June 30,	
	Notes	2018 $	2017 $	2018 $	2017 $
Expenses					
Business investigation		6,838	888	6,838	96,303
Consulting	18	381,949	550,471	777,866	851,720
Depreciation	8	8,535	12,169	14,539	32,988
Investor relations		43,667	26,500	93,676	40,710
Office and miscellaneous	18	128,707	298,687	416,986	662,359
Professional fees		174,630	57,223	242,332	215,442
Regulatory and other filing fees		4,298	17,179	17,350	24,472
Salaries	18	429,834	284,975	778,176	563,560
Share-based compensation	18	-	-	378,862	580,242
Loss before other items		(1,178,457)	(1,248,092)	(2,726,625)	(3,067,796)
Gain on debt forgiveness	12,13,14	7,420,579	-	7,420,579	-
Interest expense	11-16	(621,374)	(453,667)	(1,324,424)	(853,256)
Gain on fair value of loan	11	-	(6,361)	46,114	24,272
Net income (loss) for the period		5,620,748	(1,708,120)	3,415,644	(3,896,780)
Other Comprehensive Income (loss)					
Items that may be reclassified subsequently to profit or loss:					
Gain on translating foreign operations		174,071	(447,668)	339,025	(399,274)
Income (loss) and Comprehensive income (loss) for the period		**5,794,819**	**(2,155,788)**	**3,754,669**	**(4,296,054)**
Income (loss) for the period attributable to:					
Owners of the parent		4,562,012	(1,634,819)	2,516,652	(3,705,762)
Non-controlling interest		1,058,736	(73,301)	898,992	(191,018)
		5,620,748	**(1,708,120)**	**3,415,644**	**(3,896,780)**
Comprehensive income (loss) for the period attributable to:					
Owners of the parent		4,644,529	(2,023,822)	2,727,171	(4,023,704)
Non-controlling interest		1,150,289	(131,966)	1,027,498	(272,350)
		5,794,819	**(2,155,788)**	**3,754,669**	**(4,296,054)**
Basic and Diluted (Loss) per Common Share		0.03	(0.01)	0.02	(0.03)
Weighted Average Number of Common Shares Outstanding		149,682,965	109,374,339	139,851,667	117,562,612

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

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

	Share Capital							
	Number of Shares	Amount	Share option and warrant reserve	Shares to be issued	Deficit	AOCI	NCI	Total
		$	$	$	$	$	$	$
Balance as at December 31, 2016	**105,588,074**	**14,698,982**	**1,353,316**	**50,000**	**(9,012,356)**	**(4,636)**	**1,303,515**	**8,388,821**
Shares issued pursuant to private placement	26,915,125	5,383,025	-	-	-	-	-	5,383,025
Cash issue costs	-	(59,500)	-	-	-	-	-	(59,500)
Finders warrants	-	(12,770)	12,770	-	-	-	-	-
Share-based payments	-	-	580,242	-	-	-	-	580,242
Warrant exercise	2,261,908	439,915	-	-	-	-	-	439,915
Transfer value on warrant exercise	-	5,663	(5,663)	-	-	-	-	-
Loss for the period	-	-	-	-	(3,705,762)	-	(191,018)	(3,896,780)
Other comprehensive income for the period	-	-	-	-	-	(317,942)	(81,332)	(399,274)
Balance as at June 30, 2017	**134,765,107**	**20,455,315**	**1,940,665**	**50,000**	**(12,718,118)**	**(322,578)**	**1,031,165**	**10,436,449**
Balance as at December 31, 2017	**137,783,440**	**21,032,716**	**1,927,107**	**765,382**	**(16,750,458)**	**(419,879)**	**1,213,276**	**7,768,144**
Shares issued pursuant to private placement	24,859,800	4,971,960	-	(765,382)	-	-	-	4,206,578
Cash issue costs	-	(57,269)	-	-	-	-	-	(57,269)
Warrant valuation	-	(60,500)	60,500	-	-	-	-	-
Share-based payments on options granted	-	-	378,862	-	-	-	-	378,862
Income for the period	-	-	-	-	2,516,652	-	898,992	3,415,644
Other comprehensive income for the period	-	-	-	-	-	210,519	128,506	339,025
Balance as at June 30, 2018	**162,643,240**	**25,886,907**	**2,366,469**	**-**	**(14,233,806)**	**(209,359)**	**2,240,774**	**16,050,985**

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

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

	2018 $	2017 $
OPERATING ACTIVITES		
Income (loss) for the period	3,415,644	(3,896,779)
Non-cash items:		
Gain on fair value of loan	(46,114)	(24,272)
Gain on forgiveness of debt	(7,420,578)	-
Depreciation	14,539	32,988
Interest on loan	1,310,324	758,882
Share-based compensation	378,862	580,242
Unrealized foreign exchange	(164,885)	(183,250)
Changes in non-cash working capital items:		
Receivables	(12,413)	(30,843)
Prepaid expenses	307,483	(317,838)
Accounts payable and accrued liabilities	(65,089)	271,304
Due from related parties	521,569	(4,659)
Inventory	(63,071)	70,787
	(1,823,729)	(2,743,347)
FINANCING ACTIVITIES		
Issuance of shares	4,206,578	5,822,940
Shares issuance costs	(57,269)	(59,500)
Payment of Red Rock Resources loan	(961,063)	(324,425)
Interest paid on Red Rock Resources loan	(65,100)	-
Loan Conex	840,160	200,000
	3,963,306	5,639,015
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(165,425)	(195,674)
Mineral property costs	(1,667,303)	(1,560,928)
Purchase of equipment	(178,379)	(398,044)
	(2,011,107)	(2,154,646)
Foreign exchange effect on cash	(12,187)	2,293
INCREASE (DECREASE) IN CASH DURING THE PERIOD	116,283	743,315
CASH, BEGINNING OF THE PERIOD	104,233	894,915
CASH, END OF THE PERIOD	220,516	1,638,230

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Para Resources Inc. (the “Company” or “Para”) is the parent company of its consolidated group and was incorporated on April 13, 2010 under the Business Corporations Act (British Columbia). The Company was a capital pool company pursuant to the policies of the TSX Venture Exchange (“Exchange”). On April 30, 2012 the Company completed its Qualifying Transaction by acquiring all of the issued and outstanding shares of Angra Metals Mineração Ltda. (“Angra”) from Goldsource Mines Inc. (formerly Eagle Mountain Gold Corp.) (“Goldsource”) after obtaining approval from the Exchange. Effective May 2, 2012, the Company was classified as a Mineral Exploration and Development company and is currently listed on the Exchange under the trading symbol “PBR”.

The Company’s principal business activity is the acquisition, exploration and development of mineral properties.

The registered office of the Company is 1000-840 Howe Street, Vancouver, British Columbia, Canada, V6Z 2M1 and its head office is 450-1090 Georgia Street, Vancouver, British Columbia, V6C 3V7.

The condensed interim consolidated financial statements were prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development and to place these properties into production, renewal of underlying titles to the mining properties and/or future proceeds from the disposition thereof.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future which is at least, but not limited to, twelve months from the end of the reporting year. Management is aware in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern, as explained in the following paragraph.

The Company has not yet generated income or positive cash flows from operations. As at June 30, 2018, the Company had an accumulated deficit of $14,233,806 (2017 – $16,750,458). For the six months ended June 30, 2018, the Company had net income of $2,516,652 (for the six months ended 2017 – net loss of $3,705,761), had negative cash flow from operations amounting to $1,823,729 (2017 – 2,743,347) and had a working capital deficit of $9,623,756 (2017 - $14,527,463). The Company will require additional financing, through various means including but not limited to equity financing and cash flow generated from operations, to continue the exploration program and to meet its future option payment obligations and all of its general and administrative costs. Management intends to raise additional necessary financing through the issuance of common shares and cash flow generated from operations. There is no assurance that the Company will be successful in raising the additional required funds or generate sufficient cash flow from operations to meet its financing needs.

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

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

2. BASIS OF PRESENTATION

Statement of compliance
These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the fifteen months ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the period ended December 31, 2017 except as outlined below. These condensed interim consolidated financial statements were approved by the board of directors for use on August 27, 2018.

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

The following accounting standards were adopted during the six months ended June 30, 2018:

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

IFRS 15, Revenue from Contracts with Customers
This standard was issued in May 2014 and establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 became effective for the Company on January 1, 2018. The adoption of this standard did not have a material measurement or disclosure impact on the Company's consolidated financial statements.

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

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

4. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2017.

(Unaudited - expressed in Canadian Dollars)

5. ACQUISITION OF GOLD ROAD

On August 23, 2017, the Company finalized an agreement to acquire an 88% interest in all of the assets comprising the Gold Road Mine ("Gold Road") located in Oatman Arizona. The assets include all of the patented and 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:

- US$767,540 paid on closing ($963,416)
- US$6,000,000 promissory note with annual principal repayments of US$1,000,000, maturing on August 23, 2023. Interest on the loan is only accrued if the Company defaults on a payment, at which time the interest rate would be 10% per annum. The Company measured the note using a discount rate of 10% and determined the fair value to be US$4,354,577 ($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 US$279,953 ($351,398) of acquisition costs which are capitalized. The allocation of the total purchase price of $6,780,679 is as follows:

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

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

6. PREPAIDS

As at June 30, 2018 the Company's prepaid amounts consist of the following:

	June 30, 2018	**December 31, 2017**
	$	**$**
Investor relation	289,633	291,467
Advances to suppliers	165,627	545,447
Other advances	-	93,466
Reclamation	156,596	-
Insurance	16,042	5,000
Total prepaids	**627,898**	**935,380**

(Unaudited - expressed in Canadian Dollars)

7. MINERAL PROPERTIES

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

As at June 30, 2018 the Company's mineral properties balance consisted of the following

	El Limon	North Otu	Gold Road	Total
	$	$	$	$
Balance, September 30, 2016	**15,189,475**	**-**	**-**	**15,189,475**
Acquisition of Gold Road	-	-	3,664,451	3,664,451
Acquisition cost North Otu	-	312,000	-	312,000
Transfer from Exploration assets	-	973,895	-	973,895
Development costs	4,164,773	72,500	24,994	4,262,267
Foreign exchange translation	(531,889)	(25,864)	(2,044)	(559,797)
Balance, December 31, 2017	**18,822,359**	**1,332,531**	**3,687,401**	**23,842,291**
Development costs	919,716	-	895,307	1,815,023
Foreign exchange translation	688,583	52,951	210,571	952,105
Balance, June 30, 2018	**20,430,658**	**1,385,482**	**4,793,279**	**26,609,419**

El Limon
As part of the acquisition of Colombia Milling ("CML") the Company acquired the El Limon gold mine held in Four Points Mining ("Four Points"). The mine is subject to a 3% NSR payable quarterly on gold production of at least 100 ton per day for 30 consecutive days, to a maximum of US$2,000,000. Upon reaching the US$2,000,000 NSR threshold, the NSR decreases to 0.05% payable to a maximum of US$1,000,000.

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.

(Unaudited - expressed in Canadian Dollars)

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

8. EXPLORATION AND EVALUATION ASSETS

Tucumã gold project:

The Company owns a 100% interest in the Tucumã copper/gold exploration project, which is located in the Carajas metallogenic province in the State of Pará, Brazil. The annual fees for the concessions are approximately $16,500. Prior to a concession expiring, the Company must present to the authority a technical report on the concession, which serves a basis for determining a renewal.

	June 30, 2018	December 31, 2017
	$	$
Acquisition Cost		
Balance, beginning of period	1	1
Addition, during the period	-	-
Impairment charge	-	-
Balance, end of the period	1	1
Deferred Exploration Costs		
Balance, beginning of the period	1,741,451	1,509,409
Addition during the period		
Assays	-	1,468
Consulting	76,709	213,487
Field supplies	9,890	56,627
Licenses	16,157	22,392
Miscellaneous		-
Personnel	22,554	59,552
Project administration	30,369	93,933
Vehicle expenses	9,747	23,947
Foreign exchange on mineral property	(243,891)	(239,365)
Total additions during the period	(78,465)	232,041
Balance, end of the period	1,662,986	1,741,450
Total Acquisition Cost and Deferred Exploration Costs	**1,662,987**	**1,741,451**

Cumaru-Gradaus Gold project:

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

On December 30, 2016, the Company announced that it and Angra, its wholly owned Brazilian subsidiary, 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.

(Unaudited - expressed in Canadian Dollars)

9. PLANT AND EQUIPMENT

	Buildings and construction	Machinery	Office equipment	Vehicles	Total
Cost	**$**	**$**	**$**	**$**	**$**
Balance, September 30, 2016	**760,232**	**4,751,719**	**47,414**	**104,685**	**5,664,050**
Additions	97,767	4,570,441	32,934	3,094	4,704,236
Foreign exchange	(32,501)	(200,140)	(3,044)	(4,083)	(239,768)
Balance, December 31, 2017	**825,498**	**9,122,020**	**77,304**	**103,696**	**10,128,518**
Additions	40,979	135,615	1,785	-	178,379
Foreign exchange	42,562	456,922	3,885	5,094	508,463
Balance, June 30, 2018	**909,039**	**9,714,557**	**82,974**	**108,790**	**10,815,360**

	Buildings and construction	Machinery	Office equipment	Vehicles	Total
Accumulated Depreciation	**$**	**$**	**$**	**$**	**$**
Balance, September 30, 2016	**19,072**	**238,578**	**6,296**	**520**	**264,466**
Depreciation	38,221	231,276	21,402	33,304	324,203
Foreign exchange	(2,430)	(14,705)	(1,361)	(2,117)	(20,613)
Balance, December 31, 2017	**54,863**	**455,149**	**26,337**	**31,707**	**568,056**
Depreciation	21,266	126,455	9,462	5,077	162,260
Foreign exchange	4,350	25,863	1,936	1,038	33,187
Balance, June 30, 2018	**80,479**	**607,467**	**37,735**	**37,822**	**763,503**
Net Book Value					
December 31, 2017	**770,635**	**8,666,871**	**50,967**	**71,989**	**9,560,462**
June 30, 2018	**828,560**	**9,107,090**	**45,239**	**70,968**	**10,051,857**

During the six months ended June 30, 2018, $147,721 (2017 - $296,017) of depreciation was capitalized to mineral properties and $14,539 (2017 - $32,988) was recorded as depreciation expense.

10. GOLD SECURED LOAN

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

(Unaudited - expressed in Canadian Dollars)

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

11. LOANS CONEX

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 facility; the shares were fair valued at $704,000 and recorded as a financing cost to be accreted over the life of the loan using an effective interest rate of 24.5%.

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

During the six months ended June 30, 2018 the Company received an additional $2,746,210 of loans from Conex and recorded a $46,114 gain on fair value of the loans. The loans payable at June 30, 2018 and December 31, 2017, and the changes for the periods then ended are as follows:

	$
Balance, September 30, 2016	**2,866,689**
Fair value loan received	451,934
Interest and accretion	1,049,158
Balance, December 31, 2017	**4,367,781**
Fair value loan received	2,700,096
Interest and accretion	597,421
Repayment	(1,906,050)
Balance, June 30, 2018	**5,759,247**

(Unaudited - expressed in Canadian Dollars)

12. HELM BANK LOAN

As at December 31, 2017, Four Points had an outstanding interest-bearing loan of US$3,500,000, due on demand, with the Helm Bank Colombia with a 5% annual interest rate. During the six months ended June 30, 2018 the debt was forgiven and the Company recorded a gain on debt forgiveness of $5,914,370.

	$
Balance, September 30, 2016	**5,739,451**
Interest	263,947
Foreign exchange on translation of loan	(250,979)
Balance, December 31, 2017	**5,752,419**
Interest	55,335
Foreign exchange on translation	106,616
Gain on forgiveness of debt	(5,914,370)
Balance, June 30, 2018	**-**

13. LOAN PAYABLE REDROCK RESOURCES

As part of the consideration paid by CML to acquire Four Points, CML issued a promissory note for US$1,000,000 with an annual interest rate of 5% payable on May 15, 2018. The Company measured the loan using an effective interest of 24.5% and determined the fair value of the loan to be $952,818. The Company repaid $1,026,163 during the six months ended June 30, 2018 to settle the debt, the Company recorded a gain of $79,029 on the settlement of the debt.

	$
Balance, September 30, 2016	**987,568**
Payment	(324,425)
Interest and accretion	339,809
Foreign exchange on translation of loan	(41,107)
Balance, December 31, 2017	**961,845**
Interest and accretion	106,406
Foreign exchange on translation of loan	36,942
Payment	(1,026,163)
Gain on debt forgiveness	(79,030)
Balance, June 30, 2018	**-**

(Unaudited - expressed in Canadian Dollars)

14. LOAN PAYABLE RAYFORTE

Upon completing the acquisition of CML the Company assumed its loan payable to Rayforte of $960,623USD with an interest rate of 3% and an April 1, 2018 maturity date. The Company fair valued the loan using an effective interest of 24.5% and determined the fair value of the loan to be $852,105. The debt was forgiven during the six months ended June 30, 2018 and the Company recorded a gain on debt forgiveness of $1,427,179

	$
Balance, September 30, 2016	**963,386**
Interest and accretion	434,855
Foreign exchange on translation of loan	(66,823)
Balance, December 31, 2017	**1,331,418**
Interest and accretion	99,702
Foreign exchange translation	(3,941)
Gain on forgiveness of debt	(1,427,179)
Balance, June 30, 2018	**-**

15. LOAN CONTERRA

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

	$
Balance, September 30, 2016	**-**
Additions	3,763,500
Interest	167,199
Foreign exchange on translation of loan	-
Balance, December 31, 2017	**3,930,699**
Interest and accretion	276,100
Foreign exchange on translation of loan	203,668
Balance, June 30, 2018	**4,410,467**

(Unaudited - expressed in Canadian Dollars)

16. LOAN GOLD ROAD

As part of the consideration for the Gold Road Mine acquisition the Company issued a US$6,000,000 promissory note with annual principal repayments of US$1,000,000 maturing on August 23, 2023. Interest on the loan is only accord if the Company defaults on a payment, at which time the interest rate would be 10% per annum. The Company measured the note using a discount rate of 10% and determined the value to be US$4,354,577 ($5,465,865). The loan payable at June 30, 2018 and December 31, 2017 and the changes for the periods then ended are as follows:

	$
Balance, September 30, 2016	**-**
Additions	5,465,865
Interest	127,186
Foreign exchange on translation of loan	(6,817)
Balance, December 31, 2017	**5,586,234**
Interest and accretion	175,107
Foreign exchange on translation of loan	282,788
Balance, June 30, 2018	**6,044,129**

17. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

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

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

Stock options

The Board of Directors of the Company may, from time to time, at its discretion, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10 percent of the issued and outstanding common shares exercisable for a period not to exceed five years from the Company’s listing date. The Company's stock options outstanding as at June 30, 2018 and December 31, 2017 and the changes for the periods then ended are as follows:

(Unaudited - expressed in Canadian Dollars)

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Balance outstanding and exercisable at December 31, 2017	5,265,000	0.18	2.54
Granted	2,000,000	0.23	4.65
Balance, June 30, 2018	**7,265,000**	**0.19**	**2.76**

During the six months ended June 30, 2018 the Company issued 2,000,000 (the six months ended 2017 – 3,440,000) options to directors and consultants, vesting immediately. The Company fair valued the options at $378,862 (2017 - $580,242) using the Black-Scholes option pricing model using the following inputs:

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

Stock options outstanding and exercisable at June 30, 2018 are as follows:

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

(Unaudited - expressed in Canadian Dollars)

Warrants

The Company's warrants outstanding as at June 30, 2018 and December 31, 2017 and the changes for the six months ended June 30, 2018 are as follows:

	Number of Warrants	Exercise Price $
Balance, December 31, 2017	13,585,313	0.30
Issued	20,966,900	0.30
Balance, June 30, 2018	34,552,213	0.30

Warrants outstanding as at June 30, 2018 were as follows:

Outstanding Warrants	Exercise Price $	Expiry Date
4,147,688	0.30	October 28, 2018
1,825,000	0.30	November 19, 2018
7,612,625	0.30	December 15, 2018
3,892,900	0.30	August 15, 2019
14,049,000	0.30	June 5, 2021
3,025,000	0.30	June 28, 2021
34,552,213	0.30	

Weighted average remaining contractual life is 1.74 years.

18. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties. The Company paid or accrued remunerations to its directors and officers during the three and six months ended June 30, 2018 and 2017 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018 $	2017 $	2018 $	2017 $
Consulting fees	53,000	121,394	106,000	264,523
Salaries	95,822	126,910	191,644	243,954
Share-based compensation	-	-	378,862	-
	148,822	248,304	676,506	508,477

As at June 30, 2018 the Company had $568,182 (2017 - $113,050) in amounts owing to related parties. These amounts consisted of the following:

- $294,778 (2017 - $52,907) was owing to Geoff Hampson, director and CEO of the Company, and a private company controlled by him, $4,739 of the amount owing bear interest at 1% per month, compounded monthly and due on demand; $101,137 of the amount owing bear interest at 8% per annum and is due on demand. The remainder of the amounts are non-interest bearing and incurred in normal course of business. During the period ended June 30, 2018 the Company also paid $18,000 of office rent to a Company controlled by Geoff Hampson (2017 - $nil).

- $19,199 (2017 - $19,199) was owing to Goldsource Mines Inc., a company with common directors and officers.
- $27,631 (2017 – nil) was due to Ian Harris, President and Director of the Company, the amounts owing are non-interest bearing and due on demand.
- $203,321 (2017 - $70,730) was due to Randy Martin, COO and Director of the Company, the amounts owing are non-interest bearing and due on demand.

Compensation paid to key management personal for the periods ended June 30, 2018 and 2017 is identical to the table above.

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

To date, the Company has depended on external financing to fund its activities. The capital structure of the Company currently consists of equity attributable to shareholders of $13,589,194 (December 31, 2017 – $6,554,868). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Management reviews its capital management approach on a regular basis and there have been no changes to the Company's approach during the six months ended June 30, 2018. The Company is not subject to externally imposed capital requirements.

(Unaudited - expressed in Canadian Dollars)

20. SEGMENTED DISCLOSURE

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

Operating segment:
The Company has identified the following operating segments: the Colombian mines under development consisting of El Limon and North Otu, Gold Road property as mine under development and exploration and evaluation assets. The performance of the Company's operating segments for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017 is as follows.

	As at and for the six months ended June 30, 2018				
	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total
	$	$	$	$	$
Income (loss) for the period	6,445,964	(1,127,822)	-	(1,902,499)	3,415,644
Salaries	341,603	54,918	-	381,655	778,176
Consulting	-	465,193	-	312,673	777,866
Investor relations	-	-	-	93,676	93,676
Interest expense	274,390	451,206	-	598,828	1,324,424
Depreciation	14,539	-	-	-	14,539
Current assets	399,838	178,416	9,208	517,059	1,104,521
Non-current assets	27,628,823	9,032,454	1,662,987	-	38,324,263
Total assets	28,028,661	9,210,870	1,672,195	517,059	39,428,784
Current liabilities	1,456,009	516,689	30,063	8,725,516	10,728,277
Non-current liabilities	1,316,800	6,044,129	-	5,288,593	12,649,522
Total liabilities	2,772,809	6,560,818	30,063	14,014,109	23,377,799

	For the three months ended June 30, 2018				
	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total
	$	$	$	$	$
Income (loss) for the period	6,834,474	(444,137)	-	(769,589)	5,620,748
Salaries	237,354	54,918	-	137,562	429,834
Consulting	-	110,071	-	271,877	381,949
Investor relations	-	-	-	43,667	43,667
Interest expense	63,587	223,514	-	334,273	621,374
Depreciation	8,535	-	-	-	8,535

(Unaudited - expressed in Canadian Dollars)

	As at December 31, 2017 and for the six months ended June 30, 2017				
	Colombian Mines	Gold Road	Exploration and evaluation	Corporate and other	Total
	$	$	$	$	$
Loss for the period	985,256	-	-	2,911,524	3,896,780
Salaries	272,408	-	-	291,152	563,560
Consulting	-	-	-	851,720	851,720
Interest expense	421,239	-	-	432,017	853,256
Depreciation	32,988	-	-	-	32,988
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

	For the three months ended June 30, 2017		
	Colombian Mines	Corporate and other	Total
	$	$	$
Income (loss) for the period	383,922	1,324,198	1,708,120
Salaries	135,405	149,570	284,975
Consulting	-	550,471	550,471
Interest expense	201,611	252,056	453,667
Depreciation	12,169	-	12,169

(Unaudited - expressed in Canadian Dollars)

Geographic segment:
The Company's assets and liabilities as at June 30, 2018 and 2017 and the Company's expenses by geographic area for the periods ended June 30, 2018 and December 31, 2017 are as follows:

	As at and for the six months ended June 30, 2018				
	Colombia	**USA**	**Brazil**	**Canada**	**Total**
	$	$	$	$	$
Current assets	399,838	178,416	9,208	517,059	1,104,521
Exploration and evaluation asset	-	-	1,662,987	-	1,662,987
Plant and equipment	5,812,683	4,239,174	-	-	10,051,857
Mineral properties	21,816,140	4,793,279	-	-	26,609,419
Total assets	28,028,661	9,210,870	1,672,195	517,059	39,428,784
Current liabilities	1,456,009	516,689	30,063	8,725,516	10,728,277
Non-current liabilities	1,316,800	6,044,129	-	5,288,593	12,649,522
Total liabilities	2,772,809	6,560,818	30,063	14,014,109	23,377,799
Expenses	(700,224)	(676,616)	-	(1,257,557)	(2,726,625)
Other expenses	7,146,189	(451,206)	-	(552,714)	6,142,269
Net Income (loss)	6,445,964	(1,127,822)	-	(1,810,271)	3,415,644

	For the three months ended June 30, 2018			
	Colombia	**USA**	**Canada**	**Total**
	$	$	$	$
Expenses	(177,986)	(220,623)	(687,620)	(1,178,457)
Other income (expense)	7,356,992	(223,514)	(334,273)	6,799,205
Net Income	7,179,006	(444,137)	(1,021,892)	5,620,784

	As at December 31, 2017 and for the six months ended June 30, 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	564,017	-	-	2,503,779	3,067,796
Other expenses	421,239	-	-	407,745	828,984
Net loss	985,256	-	-	2,911,524	3,896,780

(Unaudited - expressed in Canadian Dollars)

	For the three months ended June 30, 2017		
	Colombia	**Canada**	**Total**
	$	**$**	**$**
Expenses	535,619	712,473	1,248,092
Other Expenses	201,611	258,417	460,028
Net loss	737,230	970,890	1,708,120

21. SUBSEQUENT EVENTS

On July 11, 2018, the Company announced that it has signed a Term Sheet (the "Term Sheet") with Conex Services Inc. and Conterra Construction, Inc., both controlled by an Insider of the Company, whereby all outstanding loans and accrued interest, previously made to the Company and to its subsidiary Gold Road Mining Corp. (or other subsidiaries), are being re-structured into a five-year Convertible, Subordinated Note.

Subject to the approval of the TSX Venture Exchange, the Terms of the Note are as follows:

Issuer:	Para Resources Inc
Lenders:	Conex Services Inc. and Conterra Construction Inc.
Amount:	C$ 10,652,533
Issue Date:	August 3rd, 2018 or on such date that the financing closes
Offering:	Non-brokered placement of CAD $10,652,533 in the form of a Convertible Subordinated Notes, convertible into Common Shares of the Company.

On August 14,2018, the Company announced that it, along with its subsidiaries, Z79 Gold (USA) Corp. and Gold Road Mining Corp. has entered into a pre-paid forward gold purchase agreement dated August 3, 2018 (the "PPG Agreement"), with PPG Arizona Holdings LP, an entity affiliated with Pandion Mine Finance LP ("Pandion"). The letter of intent preceding the PPG Agreement was previously announced in the Company's news release dated July 17, 2018. Under the PPG Agreement, Pandion has advanced US $14.45 million (C$18.8 million) to the Company, as pre-payment for the purchase of 44,100 ounces of gold from Para and its subsidiaries (the "Gold Financing").

Pursuant to the terms of the Gold Financing, the Company has been provided an aggregate upfront pre-payment amount of US$14.45 million disbursed in one tranche, with a term of 54 months, in exchange for the delivery of up to 44,100 ounces of gold ("Contract Quantity"). No gold is required to be delivered by the Company during the first 12 months. Pandion would pay to the Company, together with each delivery of gold, an amount per ounce of gold equal to the market price at the time, less a specified discount. During the term of the PPG Agreement, Pandion also participates in the upside of any increase in the price of gold. Pandion may elect to reduce the Contract Quantity by up to 2,000 ounces in exchange for the issuance of up to 6,352,683 common shares of the Company. Under the terms of the PPG Agreement, the Company's obligations are secured by a first priority charge in favour of Pandion on all the assets of the Company and its subsidiary companies, Z79 Gold (USA) Corp., Gold Road Mining Corp., as well as pledges of the shares of Z79 Gold (USA) Corp. and Gold Road Mining Corp.