

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-36908

PARAMOUNT GOLD NEVADA CORP.



(Exact name of Registrant as specified in its Charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

665 Anderson Street
Winnemucca, NV
(Address of principal executive offices)

98-0138393
(I.R.S. Employer
Identification No.)

89445
(Zip Code)

Registrant's telephone number, including area code: (775) 625-3600

Securities registered pursuant to Section 12(b) of the Act: Common Stock, Par Value \$0.01 Per Share; Common stock traded on the NYSE American stock market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Small reporting company ☒

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of December 29, 2017, the last business day of the registrant's most recently completed second quarter, the last sale price on the NYSE American LLC of the Common Stock was \$1.30, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$21.5 million.

The number of shares of Registrant's Common Stock outstanding as of September 7, 2018 was 25,474,954.

Portions of the Registrant's Definitive Proxy Statement relating to the Annual Meeting of Shareholders (the "2018 Proxy Statement") are incorporated by reference into Part III of this Report where indicated. The 2018 Proxy Statement will be filed with the U.S. Securities Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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Cautionary Note Regarding Forward-Looking Statements

This Form 10-K contains “forward-looking statements” within the meaning of applicable securities laws relating to Paramount Gold Nevada Corp. (“Paramount”, “we”, “us”, “our”, or the “Company”) which represent our current expectations or beliefs including, but not limited to, statements concerning our operations, performance, and financial condition. These statements by their nature involve substantial risks and uncertainties, credit losses, dependence on management and key personnel, variability of quarterly results, and our ability to continue growth. Statements in this annual report regarding planned drilling activities and any other statements about Paramount’s future expectations, beliefs, goals, plans or prospects constitute forward-looking statements. You should also see our risk factors beginning on page 6. For this purpose, any statements contained in this Form 10-K that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as “may”, “anticipate”, “intend”, “could”, “estimate”, or “continue” or the negative or other comparable terminology are intended to identify forward-looking statements. Other matters such as our growth strategy and competition are beyond our control. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual outcomes and results could differ materially from those indicated in the forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

GLOSSARY OF MINING TERMS

In this report, the following terms have the following meanings:

alteration – any change in the mineral composition of a rock brought about by physical or chemical means.

assay – a measure of the valuable mineral content.

development stage – a “development stage” project is one which is undergoing preparation of an established commercially mineable deposit for its extraction but which is not yet in production. This stage occurs after completion of a feasibility study.

dip – the angle that a structural surface, a bedding or fault plane, makes with the horizontal, measured perpendicular to the strike of the structure.

disseminated – where minerals occur as scattered particles in the rock.

exploration stage – an “exploration stage” prospect is one which is not in either the development or production stage.

fault – a surface or zone of rock fracture along which there has been displacement.

feasibility study – a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

formation – a distinct layer of sedimentary rock of similar composition.

geochemistry – the study of the distribution and amounts of the chemical elements in minerals, ores, rocks, solids, water, and the atmosphere.

geophysical surveys – a survey method used primarily in the mining industry as an exploration tool, applying the methods of physics and engineering to the earth’s surface.

grade – quantity of metal per unit weight of host rock.

heap leach – a mineral processing method involving the crushing and stacking of an ore on an impermeable liner upon which solutions are sprayed to dissolve metals, e.g., gold, copper etc.; the solutions containing the metals are then collected and treated to recover the metals.

host rock – the rock in which a mineral or an ore body may be contained.

induced polarization – is a geophysical imaging technique used to identify the electrical chargeability of subsurface materials, such as ore.

in-situ – in its natural position.

mapped or geological mapping – the recording of geologic information including rock units and the occurrence of structural features, attitude of bedrock, and mineral deposits on maps.

mineral – a naturally occurring inorganic crystalline material having a definite chemical composition.

mineralization – a natural accumulation or concentration in rocks or soil of one or more potentially economic minerals; also the process by which minerals are introduced or concentrated in a rock.

mineralized material – refers to material that is not included in the reserve as it does not meet all of the criteria for adequate demonstration for economic or legal extraction.

open pit or open cut – surface mining in which the ore is extracted from a pit or quarry, the geometry of the pit may vary with the characteristics of the ore body.

ore – mineral bearing rock that can be mined and treated profitably under current or immediately foreseeable economic conditions.

ore body – a mostly solid and fairly continuous mass of mineralization estimated to be economically mineable.

outcrop – that part of a geologic formation or structure that appears at the surface of the earth.

oxide – gold-bearing ore that results from the oxidation of near surface sulfide ore.

preliminary economic assessment – a study that includes an economic analysis of the potential viability of mineral resources taken at an early stage of the project prior to the completion of a preliminary feasibility study.

preliminary feasibility study (pre-feasibility study) – comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors. probable reserve – refers to reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

production stage – a “production stage” project is actively engaged in the process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product.

proven reserve – refers to reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

quartz – a mineral composed of silicon dioxide, SiO₂ (silica)

RC (reverse circulation) drilling – a drilling method using a tri-cone bit or hammer bit, during which rock cuttings are pushed from the bottom of the drill hole to the surface through an inner tube, by liquid and/or air pressure moving through an outer tube.

reserve – refers to that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves must be supported by a feasibility study done to bankable standards that demonstrates the economic extraction. (“Bankable standards” implies that the confidence attached to the costs and achievements developed in the study is sufficient for the project to be eligible for external debt financing.) A reserve includes adjustments to the in-situ tons and grade to include diluting materials and allowances for losses that might occur when the material is mined.

rock – indurated naturally occurring mineral matter of various compositions.

sediment – particles transported by water, wind, gravity or ice.

sedimentary rock – rock formed at the earth's surface from solid particles, whether mineral or organic, which have been moved from their position of origin and re-deposited.

strike – the direction or trend that a structural surface, e.g. a bedding or fault plane, takes as it intersects the horizontal.

strip – to remove barren rock or overburden in order to expose ore.

sulfide – a mineral including sulfur (S) and iron (Fe) as well as other elements; metallic sulfur-bearing mineral often associated with gold mineralization.

PART I

Item 1. Business.

Paramount Gold Nevada Corp. is a Nevada corporation formed on June 15, 1992 under the name X-Cal (USA), Inc. Paramount Gold Nevada Corp. common stock trades on the NYSE American LLC under the symbol “PZG.” Unless the context otherwise requires, reference to “we,” “us,” “our,” “Paramount,” the “Company” and other similar references refer to Paramount Gold Nevada Corp.

INITIAL PUBLIC OFFERING AND ORGANIZATIONAL TRANSACTIONS

On April 17, 2015, we entered into the previously disclosed separation and distribution agreement (the “Separation Agreement”) with Paramount Gold and Silver Corp. (“PGSC”), to effect the separation (the “separation”) of the Company from PGSC, and to provide for the allocation between the Company and PGSC of the Company’s and PGSC’s assets, liabilities and obligations attributable to periods prior to, at and after the separation.

We filed a registration statement on Form S-1 in connection with the distribution (the “distribution”) by PGSC to its stockholders of all the outstanding shares of common stock of the Company, par value \$0.01 per share. The registration statement was declared effective by the Securities and Exchange Commission (“SEC”) on April 9, 2015. On April 6, 2015, the Company filed a Form 8-A with the SEC to register its shares of common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended. The distribution, which effected a spin-off of the Company from PGSC, was made on April 17, 2015, to PGSC stockholders of record on April 14, 2015. On the distribution date, stockholders of PGSC received one share of Company common stock for every 20 shares of PGSC common stock held. Up to and including the distribution date, PGSC common stock traded on the “regular-way” market; that is, with an entitlement to shares of Company common stock distributed pursuant to the distribution. As a result of the distribution, the Company is now a publicly traded company independent from PGSC. On April 20, 2015, the Company’s shares of common stock commenced trading on the NYSE American LLC (formerly NYSE MKT) under the symbol “PZG”. An aggregate of 8,101,371 shares of Company common stock were distributed in the distribution. In connection with our separation from PGSC and PGSC’s merger with and into Coeur Mining, Inc. (“Coeur”), PGSC contributed approximately \$8.45 million to us as an equity contribution, and we issued 417,420 shares of our common stock, par value \$0.01 per share, to Coeur in exchange for a cash payment by Coeur in the amount of \$1.47 million.

On March 14, 2016, Paramount Gold Nevada Corp. and Calico Resources Corp. (“Calico”) entered into an Arrangement Agreement providing for the acquisition of Calico by Paramount. On July 7, 2016, after having received the approval of the Supreme Court of British Columbia to the transaction, Paramount and Calico completed the transaction contemplated by the Arrangement Agreement, pursuant to which Calico became a wholly-owned subsidiary of Paramount.

On November 14, 2016, Calico Resources Corp. was merged into Calico Resources USA Corp. As a result, Calico Resources USA Corp. became a wholly owned subsidiary of Paramount.

OVERVIEW OF PARAMOUNT GOLD NEVADA CORP.

We are an emerging growth company engaged in the business of acquiring, exploring and developing precious metal projects in the United States of America. Paramount owns advanced stage exploration projects in the states of Nevada and Oregon. We enhance the value of our projects by implementing exploration and engineering programs that are likely to expand and upgrade known mineralized material to reserves. Paramount believes there are several ways to realize the value of its projects: selling its projects to producers; joint venturing its projects with other companies; or building and operating small mines on its own.

The Company’s principal Nevada interest, the Sleeper Gold Project, is located in Humboldt County, Nevada, and was a producing mine until 1996.

Our project located in Oregon, known as the Grassy Mountain Project (“Grassy”), is located in Malheur County, Oregon, and was acquired by way of statutory plan of arrangement in the Province of British Columbia, Canada with Calico in July 2016.

INTER-CORPORATE RELATIONSHIPS

We currently have three active wholly owned direct subsidiaries:

New Sleeper Gold LLC and Sleeper Mining Company, LLC, which operate our mining interests in Nevada.

Calico Resources USA Corp., which holds our interest in the Grassy Mountain Project in Oregon.

The Company's corporate structure is as follows:

COMPETITION

The mineral exploration industry is highly competitive. We compete with junior and senior mineral exploration companies, independent producers and institutional and individual investors who are actively seeking to acquire mineral exploration properties throughout the United States together with the equipment, labor and materials required to explore on those properties. Competition for the acquisition of mineral exploration interests is intense with many mineral exploration leases or concessions available through a competitive bidding process in which we may lack the technological information or expertise available to other bidders. Accordingly, these competitors may be able to spend greater amounts on acquiring mineral exploration interests of merit or on exploring or developing their mineral exploration properties. This advantage could enable our competitors to acquire mineral exploration properties of greater quality and interest to prospective investors who may choose to finance their exploration and development projects instead of the Company's. Such competition could adversely impact our ability to attain the financing necessary for us to acquire further mineral exploration interests.

We do not compete with anyone with respect to our existing mineral claims because they are 100% controlled or owned by us. We believe we have or can acquire on reasonable terms the equipment, labor and materials necessary to explore our current properties. Because there is presently no known mineral reserve at this time on our existing properties, we have not determined the impact of any capital expenditures on our earnings or competitive position in the event a potentially commercially mineable ore deposit is discovered.

UNITED STATES REGULATIONS

Mining Claims: Exploration activities on our properties are conducted both upon federally-owned land and private land. Most federally-owned land is administered by the Bureau of Land Management ("BLM"). On existing claims owned by the federal government, we are required to pay annual claim maintenance fees of \$155 per claim on or before September 1st at the State Office of the BLM. In addition, we are required to pay the county recorder of the county in which the claim is situated an annual fee. The county fees in Nevada and Oregon are \$12.00 and \$5.00 per claim, respectively. On certain claims, we are required to pay a fee for each 20 acres of an association placer. For any new claims we acquire by staking, we must file a certificate of location with the State Office of the BLM within 90 days of making the claim along with a fee equal to the amount of the annual claim maintenance fee.

Annual Payments made to federal and other state agencies to maintain claims:

Property	Number of Claims	Federal payments to Bureau of Land Management	Payment to Local County	Total Annual Payment to Maintain Claims
Sleeper Gold Project and Other Nevada Claims	2,358	\$ 374,635	\$ 28,806	\$ 403,441
Grassy Mountain Project	442	\$ 72,540	\$ 2,553	\$ 75,093
Total Annual Payment to Maintain Mining Claims				\$ 478,534

Mining Exploration: BLM regulations require, and we have obtained, permits for surface disturbances to conduct our exploration activities. At our Sleeper Gold Project, there are also numerous permits in place that are maintained from the previous mine operations. We maintain these permits for ease in updating should a decision be made to reinitiate production at the Sleeper Gold mine. Maintenance of these permits includes monthly, quarterly and annual monitoring and reporting to various government agencies and departments.

Environmental and Reclamation: Our Sleeper Gold Project is currently operated as an advanced exploration project and is subject to various permit requirements. We are required to submit a plan of operation, obtain permitting and post bonds that guarantee that reclamation is performed on lands associated with exploration.

We are also responsible for managing the reclamation requirements from the previous mine operations and have a bond posted with the BLM to guarantee that reclamation is performed on the associated mine facilities and activities.

We expect that our annual obligations to satisfy reclamation requirements to be approximately \$556,129 for the next five years. Annual outlays are reimbursed by the existing reclamation bond and reimbursements are expected to approximate the actual outlays. In August 2016, the Company's mine closure plan was determined to be sufficient by the BLM.

EMPLOYEES

As of June 30, 2018, we employed seven full-time employees and two consultants.

FACILITIES

Our principal office is located at 665 Anderson Street, Winnemucca, Nevada, 89445.

Item 1A. Risk Factors.

Described below are certain risks that we believe apply to our business and the industry in which we operate. You should carefully consider each of the following risk factors in conjunction with other provided in this Annual Report on Form 10-K and in our other public disclosure. The risks described below highlight potential events, trends or other circumstances that could adversely affect our business, financial condition, results of operations, cash flows, liquidity or access to sources of financing, and consequently, the market value of our common stock. These risks could cause our future results to differ materially from historical results. The risks described below are those that we have identified as material and is not an exhaustive list of all the risks we face. There may be others that we have not identified or that we have deemed to be immaterial. All forward-looking statements made by us or on our behalf are qualified by the risks described below.

Risks Related to our Business Operations

It is possible investors may lose their entire investment in the Company.

Prospective investors should be aware that if we are not successful in our endeavors, your entire investment in the Company could become worthless. Even if we are successful in identifying mineral reserves that can be commercially developed, there can be no assurances that we will generate any revenues and therefore our losses will continue.

No revenue generated from operations.

We have not generated any revenues from operations. Our net loss for the fiscal year ended June 30, 2018 totaled \$6,068,154. We have incurred losses in the past and we will likely continue to incur losses in the future. Even if our drilling programs identify gold, silver or other mineral reserves, there can be no assurance that we will be able to commercially exploit these resources, generate any revenues or generate sufficient revenues to operate profitably.

We will require significant additional capital to continue our exploration activities, and, if warranted, to develop mining operations.

None of our projects currently have proven or probable reserves. Substantial expenditures will be required to determine if proven and probable mineral reserves exist at any of our properties, to develop metallurgical processes to extract metal, to develop the mining and processing facilities and infrastructure at any of our properties or mine sites and, in certain circumstances, to acquire additional property rights. We have spent and will be required to continue to expend significant amounts of capital for drilling, geological and geochemical analysis, assaying, and, when warranted, feasibility studies with regard to the results of our exploration. We may not benefit from these investments if we are unable to identify commercially exploitable mineralized material. If we decide to put one or more of our properties into production, we will require significant amounts of capital to develop and construct the mining and processing facilities and infrastructure required for mining operations. Our ability to obtain necessary funding for these purposes, in turn, depends upon a number of factors, including the status of the national and worldwide economy and the price of gold, silver and other precious metals. We may not be successful in obtaining the required financing, or if we can obtain such financing, such financing may not be on terms that are favorable to us. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration or development and the possible, partial or total loss of our potential interest in certain properties. Any such delay could have a material adverse effect on our results of operations or financial condition.

We cannot be assured that any of our projects are economically feasible or that feasibility studies will accurately forecast operating results.

Our future profitability depends on the economic feasibility of our projects. We have not completed any feasibility studies for any of our projects. There can be no assurance that the results of a feasibility study for either the Grassy Mountain Project or the Sleeper Gold Project will be positive. Economic feasibility depends on many factors which include estimates on production rates, revenues, operating and capital costs. If we complete a feasibility study for any our projects and obtain financing to construct and initiate mining operations, there can be no assurance that actual operating results will not vary unfavorably from the estimates and assumptions included in the feasibility study.

We may acquire additional exploration stage properties, and we may face negative reactions if reserves are not located on acquired properties.

We may acquire additional exploration stage properties. There can be no assurance that we will be able to identify and complete the acquisition of such properties at reasonable prices or on favorable terms or that reserves will be identified on any properties that we acquire. We may also experience negative reactions from the financial markets if we are unable to successfully complete acquisitions of additional properties or if reserves are not located on acquired properties. These factors may adversely affect the trading price of our common stock or our financial condition or results of operations.

Our industry is highly competitive, attractive mineral lands are scarce, and we may not be able to obtain quality properties.

We compete with many companies in the mining industry, including large, established mining companies with substantial capabilities, personnel and financial resources. There is a limited supply of desirable mineral lands available for claim staking, lease or acquisition in the United States of America where we may conduct exploration activities. We may be at a competitive disadvantage in acquiring mineral properties because we compete with these individuals and companies, many of which have greater financial resources and larger technical staffs.

Title to mineral properties can be uncertain, and we are at risk of loss of ownership of one or more of our properties. Our ability to explore and operate our properties depends on the validity of our title to that property. A significant amount of our mineral properties consist of leases of unpatented mining claims. Unpatented mining claims provide only possessory title and their validity is often subject to contest by third parties or the federal government, which makes the validity of unpatented mining claims uncertain and generally more risky. These uncertainties relate to such things as the sufficiency of mineral discovery, proper posting and marking of boundaries, assessment work and possible conflicts with other claims not determinable from public record. Since a substantial portion of all mineral exploration, development and mining in the United States now occurs on unpatented mining claims, this uncertainty is inherent in the mining industry. We have not obtained title opinions covering our entire property, with the attendant risk that title to some claims, particularly title to undeveloped property, may be defective. There may be valid challenges to the title to our property which, if successful, could impair development and/or operations.

There are no confirmed commercially mineable ore deposits on any properties from which we may derive any financial benefit.

Neither we nor any independent geologist, has confirmed commercially mineable ore deposits on any of our properties. In order to carry out additional exploration programs of any potential ore body and to place it into commercial production, we will require substantial additional funding.

We have no mining operations and no history as a mining company.

We are an exploration stage mining company and have no ongoing mining operations of any kind. We have interests in mining claims which may or may not lead to production.

We have no history of earnings or cash flow from mining operations. If we are able to proceed to production, commercial viability will be affected by factors that are beyond our control such as the particular attributes of the deposit, the fluctuation in metal prices, the cost of constructing and the operation of a mine, prices and refining facilities, the availability of economic sources for energy, government regulations including regulations relating to prices, royalties, restrictions on production, quotas on exploration of minerals, as well as the costs of protection of the environment.

If our exploration costs are higher than anticipated, then our profitability will be adversely affected.

We are currently proceeding with plans to explore our mineral properties on the basis of estimated exploration costs. If our exploration costs are greater than anticipated, then we will have fewer capital resources for other expenses and losses could increase. Factors that could cause exploration costs to increase include adverse weather conditions, difficult terrain, increased government regulation and shortages of qualified personnel.

Assuming no adverse developments outside of the ordinary course of business, our exploration budget will be approximately \$4.0 million for the next twelve months. Exploration will be funded by our available cash reserves and future issuances of common stock, warrants or units. Our exploration program may vary significantly from what we have budgeted depending upon the results we achieve. Even if we identify mineral reserves which have the potential to be commercially developed, we will not generate revenues until such time as we undertake mining operations. Mining operations will involve a significant capital infusion. Mining costs are speculative and dependent on a number of factors including mining depth, terrain and necessary equipment. We do not believe that we will have sufficient funds to implement mining operations without additional capital raises of debt and or equity or without a joint venture partner, of which there can be no assurance.

Our continuing reclamation obligations at our properties could require significant additional expenditures.

We are responsible for the reclamation obligations related to disturbances located on all of our properties, including the Sleeper Gold Project. We have posted a bond in the amount of the estimated reclamation obligation at the Sleeper Gold Project. Every three years, we are required to submit a mine closure plan to the BLM for the Sleeper Gold Project. Based on a review by the BLM of our mine closure plan that Paramount submitted in June 2016, the BLM determined that our existing bond was sufficient. There is a risk that any cash bond, even if increased based on the analysis and work performed to update the reclamation obligations, could be inadequate to cover the actual costs of reclamation when carried out. The satisfaction of bonding requirements and continuing reclamation obligations will require a significant amount of capital. There is a risk that we will be unable to fund these additional bonding requirements, and further, that the regulatory authorities may increase reclamation and bonding requirements to such a degree that it would not be commercially reasonable to continue exploration activities, which may adversely affect our results of operations, financial performance and cash flows.

Mining operations are hazardous, raise environmental concerns and raise insurance risks.

The development and operation of a mine or mineral property involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, among other things, ground fall, flooding, environmental hazards and the discharge of toxic chemicals, explosions and other accidents. Such occurrences may result in work stoppages, delays in production, increased production costs, damage to or destruction of mines and other producing facilities, injury or loss of life, damage to property, environmental damage and possible legal liability for such damages as well. Although the Company maintains liability coverage in an amount which it considers adequate for its operations, such occurrences, against which the Company may not be able, or may elect not to insure, may result in a material adverse change in the Company's financial position. The nature of these risks is such that liabilities may exceed policy limits, in which event the Company would incur substantial uninsured losses.

There may be insufficient mineral reserves to develop any of our properties, and our estimates may be inaccurate.

There is no certainty that any expenditures made in the exploration of any properties will result in discoveries of commercially recoverable quantities of ore. Most exploration projects do not result in the discovery of commercially mineable deposits of ore and no assurance can be given that any particular level of recovery of precious metals from discovered mineralization will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results.

Short term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that precious metals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site production conditions. Material changes in estimated reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

We have no proven reserves.

All of our properties are in the exploration stages only and are without known bodies of commercial ore. Development of these properties will follow only upon obtaining satisfactory exploration results. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration and development programs. Mineral exploration and development are highly speculative businesses, involving a high degree of risk. Few properties which are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration and development activities will result in any discoveries of commercial quantities of ore. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Discovery of mineral deposits is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, many of which are beyond the Company's control, such as the particular attributes of the deposit (such as size, grade and proximity to infrastructure), metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

In the course of exploration, development, and mining of mineral properties, certain unanticipated conditions may arise or unexpected or unusual events may occur, including rock bursts, cave-ins, fires, floods, or earthquakes. It is not always possible to fully insure against such risks and we may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they may reduce or eliminate any future profitability and may result in a decline in the value of the securities of the Company.

We face fluctuating gold and mineral prices.

The value of any mineral reserves we develop, and consequently the value of our common stock, depends significantly on the value of such minerals. The price of gold and silver as well as other precious and base metals have experienced volatile and significant price movements over short periods of time and are affected by numerous factors beyond our control, including international economic and political trends, expectations of inflation, interest rates, global or regional consumption patterns, speculative activities and increases in production due to improved mining and production methods. The supply of and demand for gold and silver, as well as other precious and base metals, are affected by various factors, including political events, economic conditions and production costs in major mineral producing regions.

Our estimates of mineralized material and other mineral resources are subject to uncertainty.

Estimates of mineralized material and other mineral resources are subject to considerable uncertainty. Such estimates are arrived at using standard acceptable geological techniques, and are based on the interpretations of geological data obtained from drill holes and other sampling techniques. Engineers use feasibility studies to derive estimates of cash operating costs based on anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore bodies, expected recovery rates of metal from ore, comparable facility and operating costs and other factors. Actual cash operating costs and economic returns on projects may differ significantly from the original estimates, primarily due to fluctuations in the current prices of metal commodities extracted from the deposits, changes in fuel costs, labor rates, changes in permit requirements, and unforeseen variations in the characteristics of the ore body. Due to the presence of these factors, there is no assurance that any geological reports will accurately reflect actual quantities of gold, silver or other metals that can be economically processed and mined by us.

If we are unable to obtain all of our required governmental permits, our operations could be negatively impacted.

Our future operations, including exploration and development activities, required permits from various governmental authorities. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that we will be able to acquire all required licenses or permits or to maintain continued operations at our properties.

We are subject to numerous environmental and other regulatory requirements.

All phases of mining and exploration operations are subject to governmental regulation including environmental regulation. Environmental legislation is becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There can be no assurance that possible future changes in environmental regulation will not adversely affect our operations. As well, environmental hazards may exist on a property in which we hold an interest that was caused by previous or existing owners or operators of the properties and of which the Company is not aware at present.

Government approvals and permits are required to be maintained in connection with our mining and exploration activities. Although we believe we currently have all required permits for our operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for any possible future changes to the Company's operations, including any proposed capital improvement programs. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the Company resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

There is no assurance that there will not be title or boundary disputes.

Although we have investigated the right to explore and exploit our properties and obtained records from government offices with respect to all of the mineral claims comprising our properties, this should not be construed as a guarantee of title. Other parties may dispute the title to any of our properties or any property may be subject to prior unregistered agreements and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions.

Local infrastructure may impact our exploration activities and results of operations.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage or government or other interference in the maintenance or provision of such infrastructure could adversely affect our activities and profitability.

Because of the speculative nature of exploration for gold and silver properties, there is substantial risk that our business will fail.

The search for precious metals as a business is extremely risky. We cannot provide any assurances that the gold or silver mining interests that we acquired will contain commercially exploitable reserves of gold or silver. Exploration for minerals is a speculative venture necessarily involving substantial risk. Any expenditure that we make may not result in the discovery of commercially exploitable reserves of precious metals.

The precious metals markets are volatile markets. This will have a direct impact on our revenues (if any) and profits (if any) and could have an adverse effect on our ongoing operations.

The price of both gold and silver has fluctuated significantly over the past few years. Despite the volatility in the price of gold, there continues to be interest in gold and silver mining and companies engaged in that business, including the exploration for both gold and silver. However, in the event that the price of these metals falls, the interest in the gold and silver mining industry may decline and the value of our business could be adversely affected. Even if we are able to generate revenues, there can be no assurance that any of our operations will prove to be profitable. Finally, in recent decades, there have been periods of both overproduction and underproduction of both gold and silver resources. Such conditions have resulted in periods of excess supply of and reduced demand on a worldwide basis and on a domestic basis. These periods have been followed by periods of short supply of and increased demand for both gold and silver. We cannot predict what the market for gold or silver will be in the future.

Government regulation or changes in such regulation may adversely affect our business.

We have and will in the future engage experts to assist us with respect to our operations. We deal with various regulatory and governmental agencies and the rules and regulations of such agencies. No assurances can be given that we will be successful in our efforts or dealings with these agencies. Further, in order for us to operate and grow our business, we need to continually conform to the laws, rules and regulations of the jurisdictions in which we operate. It is possible that the legal and regulatory environment pertaining to the exploration and development of precious metals mining properties will change. Uncertainty and new regulations and rules could increase our cost of doing business or prevent us from conducting our business.

We are in competition with companies that are larger, more established and better capitalized than we are.

Many of our potential competitors have greater financial and technical resources, as well as longer operating histories and greater experience in mining.

Exploration for economic deposits of minerals is speculative.

The business of mineral exploration is very speculative, since there is generally no way to recover any of the funds expended on exploration unless the existence of mineable reserves can be established. We can exploit those reserves by either commencing mining operations, selling or leasing our interest in the property or entering into a joint venture with a larger resource company that can further develop the property to the production stage. Unless we can establish and exploit reserves before our funds are exhausted, we will have to discontinue operations, which could make our stock valueless.

The loss of key members of our senior management team could adversely affect the execution of our business strategy and our financial results.

We believe that the successful execution of our business strategy and our ability to move beyond the exploratory stages depends on the continued employment of key members of our senior management team. If any members of our senior management team become unable or unwilling to continue in their present positions, our financial results and our business could be materially adversely affected.

We operate in a regulated industry and changes in regulations or violations of regulations may result in increased costs or sanctions that could reduce our revenues.

Our organization is subject to extensive and complex federal and state laws and regulations. If we fail to comply with the laws and regulations that are directly applicable to our business, we could suffer civil and/or criminal penalties or be subject to injunctions or cease and desist orders. While we believe that we are currently compliant with applicable rules and regulations, if there are changes in the future, there can be no assurance that we will be able to comply in the future, or that future compliance will not significantly adversely impact our operations.

We rely on independent analysis to analyze our drilling results and planned exploration activities.

We rely on independent geologists to analyze our drilling results and to prepare resource reports on several of our mining claims. While these geologists rely on standards established by the Canadian Institute of Mining, Metallurgy and Petroleum, Standards on Mineral Resources and Mineral Reserves and other standards established by various licensing bodies, there can be no assurance that their estimates or results will be accurate. Analyzing drilling results and estimating reserves or targeted drilling sites is not a certainty. Miscalculations and unanticipated drilling results may cause the geologists to alter their estimates. If this should happen, we would have devoted resources to areas where resources could have been better allocated.

We are an “emerging growth company”, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

As an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act (“JOBS Act”), we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make our financial statements not comparable with those of another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period because of the potential differences in accounting standards used.

We cannot predict if investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that our efforts to develop and maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our common stock.

The JOBS Act allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

Risks Related to Our Common Stock

Our stock price may be volatile.

The market price of our common stock has been volatile. We believe investors should expect continued volatility in our stock price. Such volatility may make it difficult or impossible for you to obtain a favorable selling price for our shares.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any dividends on our common stock. We intend to retain all of our earnings, if any, for the foreseeable future to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases. Our board of directors retains discretion to change this policy.

The exercise of our outstanding options and warrants may depress our stock price.

The exercise of outstanding options and warrants, and the subsequent sale of the underlying common stock in the public market, or the perception that future sales of these shares could occur, could have the effect of lowering the market price of our common stock below current levels and make it more difficult for us and our stockholders to sell our equity securities in the future.

Sales or the availability for sale of shares of common stock by stockholders could cause the market price of our common stock to decline and could impair our ability to raise capital through an offering of additional equity securities.

Item 1B. Unresolved Staff Comments.

Not applicable as a smaller reporting company.

Item 2. Properties.

SLEEPER GOLD PROJECT

Overview and Location

Sleeper is a material exploration property of the Company. The Company has the rights to explore, develop and mine the property through our 100% ownership of unpatented lode mining claims. Sleeper is located 26 miles northwest of Winnemucca, Nevada. Automobile and truck access to the property is by Interstate Highway 80 to Winnemucca, north on Highway 95 for 32 miles, west on Highway 140 for 14 miles, and then south for 6 miles on the maintained gravel Sod House Road to the project site. An office building, heavy equipment enclosure and warehousing facility are present on the Sleeper Gold Property. Necessary supplies, equipment and services to carry out full sequence exploration and mining development projects are available in Winnemucca, Reno, and Elko, Nevada.

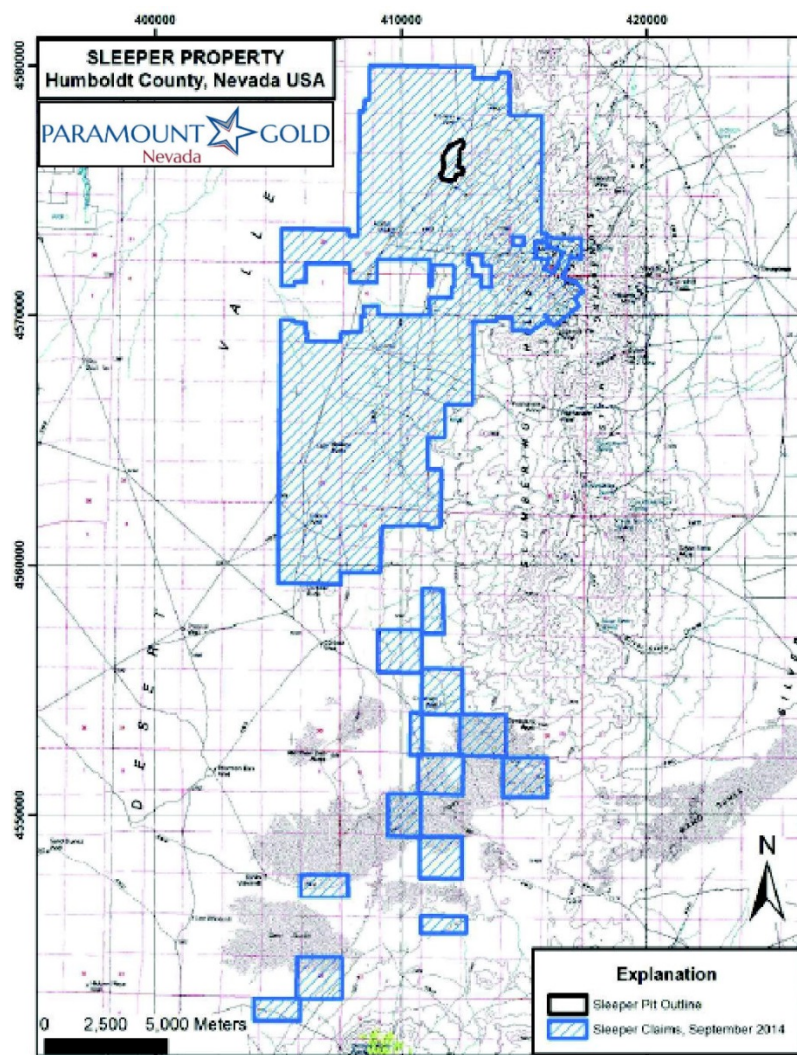
Mining Claims

The Sleeper Gold mine and its 1,044 unpatented lode mining claims were acquired by PGSC through its acquisition of X-Cal Resources Ltd. in August 2010. Additional mining claims have been staked or acquired which now comprise the Sleeper Gold Project.

The 100% owned mining claims are summarized in the following table:

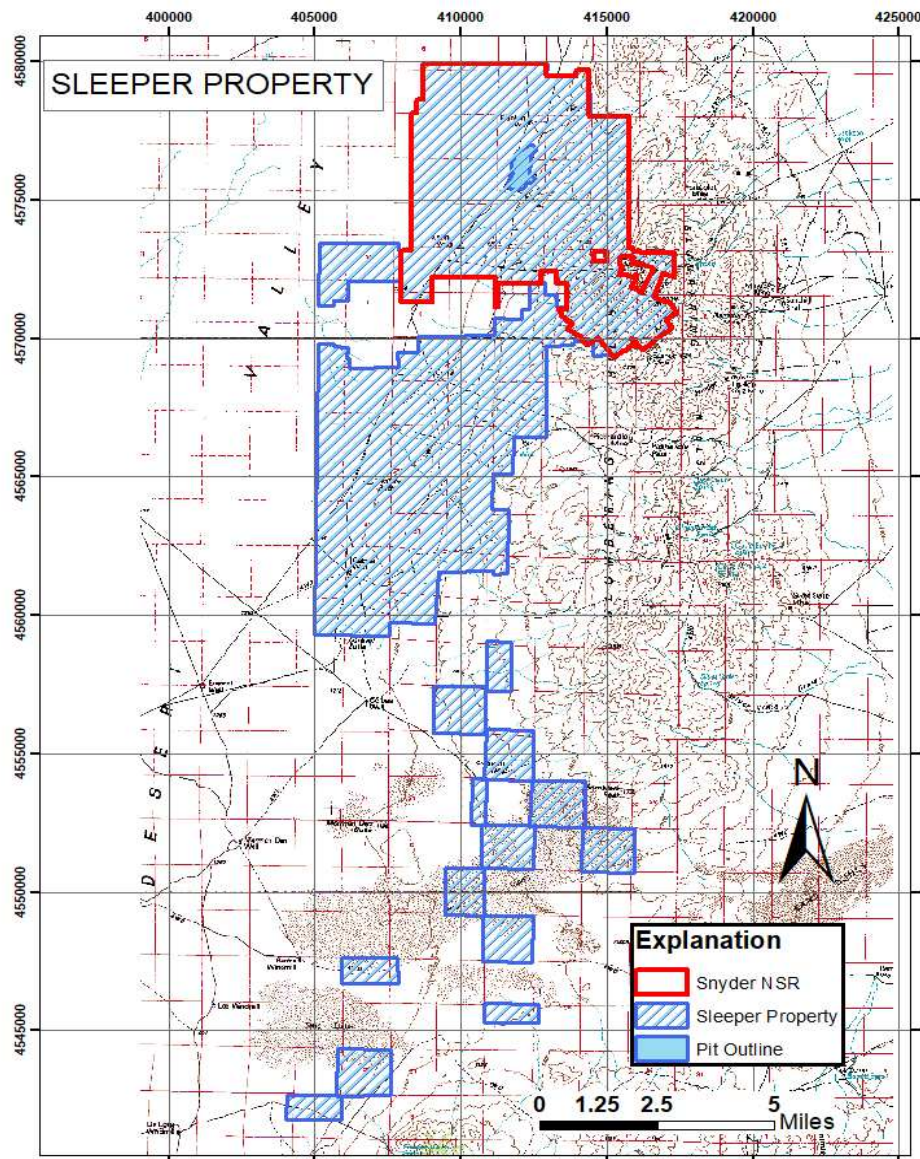
The Sleeper Gold Project Properties	Claims	Approx sq. miles
Sleeper Gold Mine	1,044	34
Dunes	394	13
Mimi	884	29
Total	2,322	76

The following map illustrates the general location of the Sleeper Gold Project and the associated mining claims:



Property Agreements and Royalty Obligations:

The Snyder Syndicate, a private company, holds a 1% Net Smelter Returns royalty on the 1,044 Sleeper Gold Mine Claims in a mining scenario. The following map illustrates the claims subject to the royalty:



History of Previous Operations

The Sleeper Gold Project includes a historic open pit mine (the “Sleeper Gold mine”) operated by AMAX Gold Inc. (“Amax”) from 1986 until 1996, which produced 1.66 million ounces of gold and 2.3 million ounces of silver. All processing facilities and equipment related to the mining operations conducted by Amax have been removed from the site.

Power and Water

As a result of Amax’s mine operation from 1986 to 1996, electrical power is provided to the property by power lines. Water is available by two deep wells located on the property.

Paramount's Exploration History at Sleeper Gold Project

PGSC conducted its first exploration program at the Sleeper Gold mine in October 2010. It consisted of 19 drill holes totaling 18,065 feet and focused on verifying data on existing models and confirming continuity and strike extension of known mineralized zones. From July 1, 2011 through June 30, 2012, PGSC completed 79 drill holes totaling 21,013 feet and followed that up in the period from July 1, 2012, through June 30, 2013, with 38 drill holes totaling 55,104 feet.

In August 2011, PGSC announced the acquisition of 606 unpatented lode mining claims (the "Dunes Project") located eleven miles south of the Sleeper Gold mine from ICN Resources Ltd. ("ICN"). In consideration, PGSC issued 400,000 shares of its common stock to ICN.

In September 2011, PGSC announced the results of a new material estimate on the Sleeper Gold mine prepared by SRK Consulting ("SRK"). Such estimate was conducted in accordance with the Canadian standards set forth in National Instrument 43-101. Based on the results of the report, the Company commissioned Scott E. Wilson Consulting Inc. ("SEWC") to prepare a Preliminary Economic Assessment ("PEA") for the project. The PEA is designed to evaluate both the technical and financial aspects of various production scenarios using the material estimate developed by SRK.

In July 2012, PGSC announced the staking of 920 new lode mining claims (the "Mimi Project") adjacent to the west and immediately south, of the Sleeper Gold mine. The Mimi Project totals 18,400 acres.

In July 2012, PGSC announced the results of the PEA completed by SEWC on the Sleeper Gold mine property. SEWC concluded that the most attractive development scenario consists of a large-scale open pit mining operation with a heap leach processing plant handling both oxide and sulfide material, producing a gold-silver dore. The PEA assumes an 81,000 ton per day operation resulting in a projected 17-year operation with an average annual production of 172,000 ounces of gold and 263,000 ounces of silver. Paramount received the completed PEA report in September 2012.

In 2013, PGSC announced several results of a drilling campaign which was focused in and around the existing resource and pit areas. Assay results extended the mineralization east and south of the existing resource, opened up new depth potential below the existing sleeper pit and intercepted exceptional results in several zones. Additionally, PGSC undertook an extensive database review and as a result, a total of 473 core and RC holes have been re-logged and new cross-sections were generated. Paramount completed a re-interpreted lithological and structural model which will allow us to plan a new drill program and to update our mineralized material estimate model.

In August 2014, PGSC dropped a total of 212 mining claims from the Dunes and Mimi areas of the Sleeper Gold Project. These claims no longer had any geological value to the Company.

In May 2015, Paramount announced the results of its updated mineralized material estimate for its Sleeper Gold Project. The estimate incorporated all new drilling since the last mineralized material estimate that was completed in September 2011. Both estimations were completed by SRK.

In August 2015, we completed an initial geophysical survey which consisted of a helicopter magnetometry study. The survey defined several possible exploration targets which are being reviewed by our geological team. Additional surveys on areas covered by overburden will be evaluated for further testing. This testing can include Induced Polarization programs or other indirect methodologies. The Company believes that the resulting data derived from the geophysical program will produce valuable drilling targets. Future drill programs will be designed with the aim identifying new zones of mineralization with an emphasis on areas covered with overburden.

In October 2015, we released the results of a new PEA for our Sleeper Gold Project in Nevada. The PEA was completed by Metal Mining Consultants Inc. ("MMC") of Denver, Colorado. MMC concluded that the optimal mining scenario is a 30,000 tonnes per day heap leach process facility fed by an open pit.

This mining scenario results in an average annual production of 102,000 ounces of gold and 105,000 ounces of silver for seven years with additional metal recovered over the following two years during final leaching of 37,850 ounces of gold and 30,500 ounces of silver. The life of mine average cash operating are estimated to be \$529 per equivalent gold ounce produced and the total life of mine capital requirements are estimated to be \$258.8 Million.

This PEA is preliminary in nature and should not be considered to be a pre-feasibility or feasibility study, as the economics and technical viability of the Sleeper Gold Project have not been demonstrated at this time. Therefore, there can be no certainty that the estimates contained in the PEA will be realized.

Geology and Mineralization

The Sleeper Gold Project is situated within the western, apparently older, part of the Northern Nevada Rift geologic province of Miocene age, along the western flank of the Slumbering Hills within Desert Valley. The geological structures that underlie Desert Valley appear to have been down-dropped 3,000 to 3,300 feet along the north-to northeast-trending normal faults along the western edge of the Slumbering Hills.

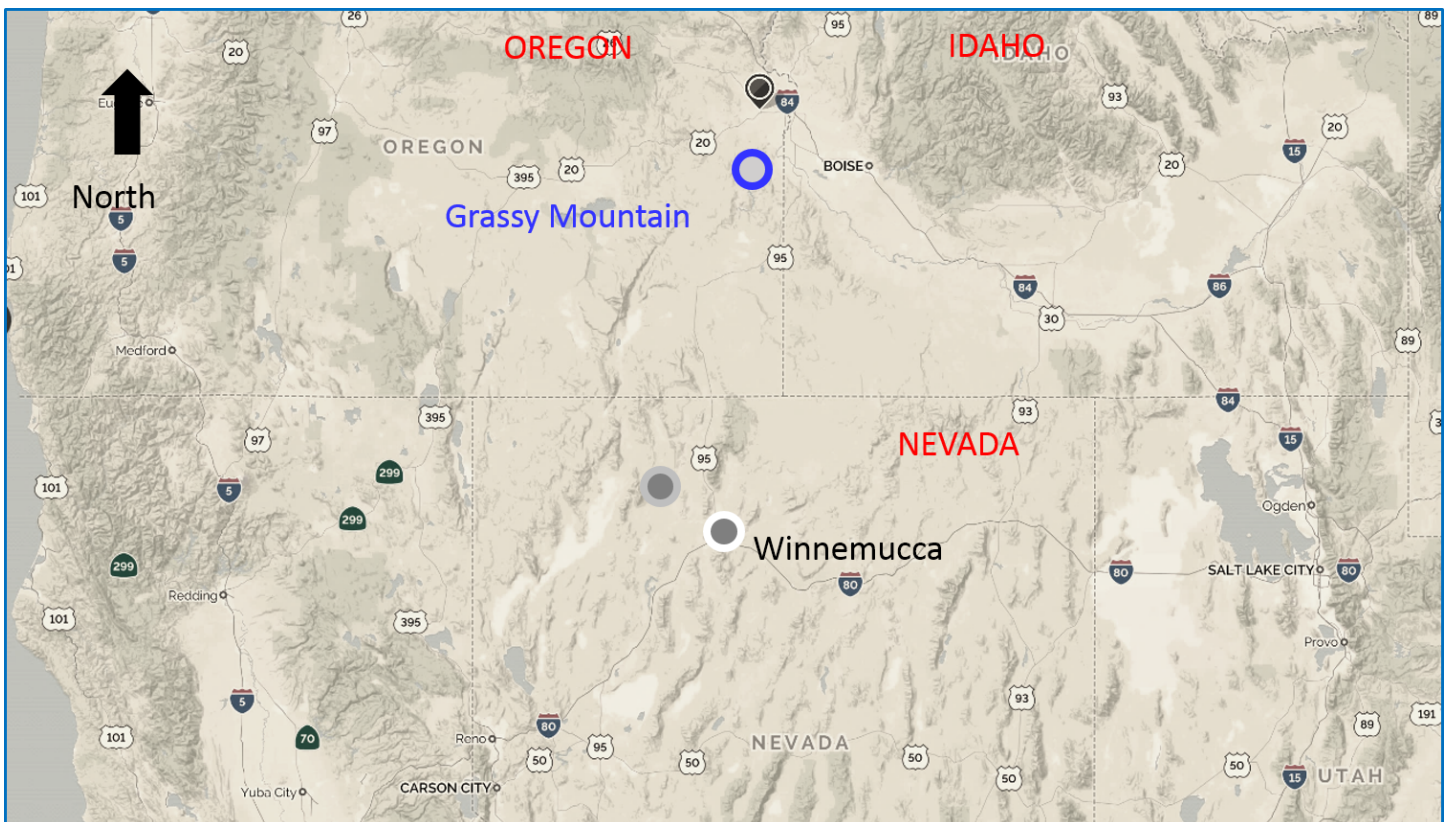
Four main types of gold mineralization are found within the Sleeper Gold Project deposit and may represent a continuum as the system evolved from a high level, high sulfidation system dominated by intrusion related fluids and volatiles to a low sulfidation meteoric water dominant system. In this setting the paragenetic relationships of the differing mineralization styles are as follows:

- Early – quartz-pyrite-marcasite stockwork;
- Intermediate – medium-grade, silica-pyrite-marcasite cemented breccias localized on zones of structural weakness;
- Late – high-grade, banded, quartz-adularia-electrum-(sericite) veins; and
- Post – alluvial gold-silver deposits in Pliocene gravels.

Grassy Mountain Gold Project

Overview and Location

The Grassy Mountain Project is located in Malheur County, Oregon, approximately 22 miles south of Vale, Oregon, and roughly 70 miles west of Boise, Idaho. The property is accessed by vehicle from the town of Vale by a private and BLM maintained dirt road. The project site is situated in the rolling hills of the high desert region of the far western Snake River Plain and consists of 418 unpatented lode claims, 3 patented lode claims, 9 mill site claims, 6 association placer claims, and various leased fee land surface and surface/mineral rights, all totaling roughly 9,300 acres. The local terrain is gentle to moderate, with elevations ranging from 3300 to 4,300 feet above mean sea level.

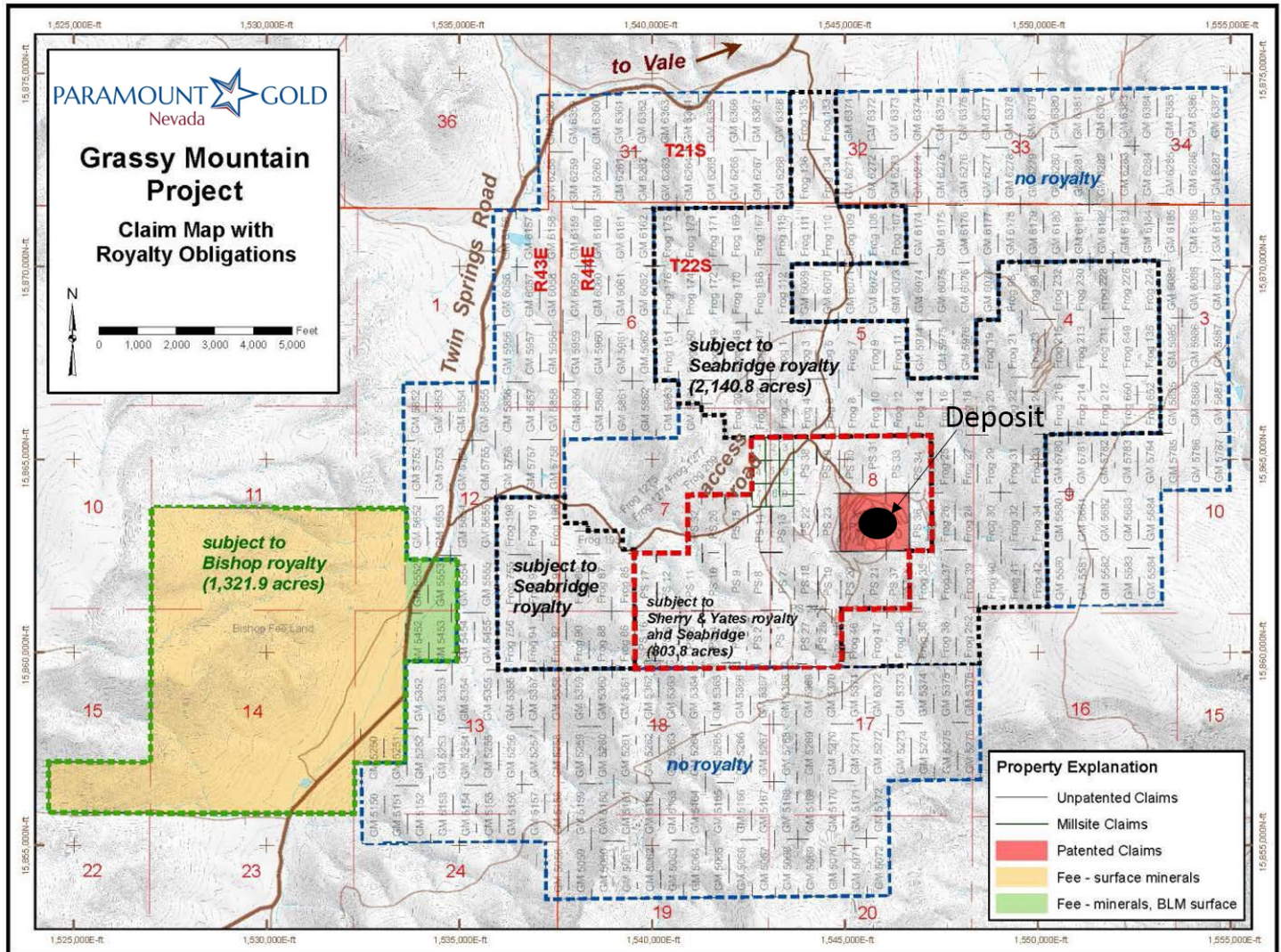


Power and Water

To effect mining operations power and water source infrastructure would need to be developed as it does not currently exist.

Property Agreements and Royalty Obligations

The following map illustrates the mining claims subject to royalty payments at the Grassy Mountain Project:



Sherry and Yates Inc.

Prior to 2018, Calico had an annual lease agreement in place with Sherry & Yates Inc. Under the agreement Calico was required to make annual advance royalty payments at a rate of \$100,000 per year. In a mining production scenario, the agreement provided for a production royalty payments based on the price of gold. In February 2018, Paramount exercised its option to reduce the existing Net Smelter Royalty from 6% down to 1.5% and acquired all the rights to the unpatented and patented mining claims subject to the agreement at the Grassy Mountain Project for a total payment of \$2.4 million.

Seabridge Gold

Seabridge Gold Inc. ("Seabridge"), a NYSE listed company, holds a net profits interest ("NPI") in a mining scenario at Grassy Mountain. The NPI is calculated at a rate of 10% on net profits on certain mining claims. Seabridge also holds an NPI put option in which during the 30 day period immediately following the day that Calico had delivered notice to Seabridge that a positive production decision has been made and construction financing has been secured with respect to the Grassy Mountain Project, Seabridge may cause Calico to purchase the NPI for CDN\$10,000,000. If Seabridge exercises the right to cause Calico to purchase the NPI, the Company would likely need to seek additional equity or other financing to fund the purchase, which financing may not be available to the Company on favorable terms or at all.

Bishop Lease

An annual lease agreement for unpatented mining claims is currently in place between Calico and the Bishop Brothers. Calico is required to make annual advance royalty payments at a rate of \$33,000 per year. In a mining scenario, the agreement provides for a production royalty payment base on the price of gold of 6%.

Exploration History at Grassy Mountain

The Atlas Era

In 1986 Atlas Precious Metals (“Atlas”) acquired the Grassy Mountain property from two independent geologists, Dick Sherry and Skip Yates.

Atlas recognized soil geochemistry as an important tool for locating buried hydrothermal cells at Grassy Mountain. Most of the Atlas exploration targets were identified by claim-corner (600’ X 1500’ grid) soil sampling anomalies. Atlas conducted detailed soil and float sampling on several anomalies and identified a genetic link between gold mineralization and silicification. Between 1986 and 1991, Atlas completed 403 drill holes totalling 221,500 feet on the Grassy Mountain property. Out of the total, 193 were vertically oriented RC holes on 75 to 100 feet centers within the Grassy Mountain resource area. The remaining drill holes were located on prospects away from the main Grassy Mountain resource area. Many of these represent future exploration targets.

Atlas expanded the original claim block and collected additional geologic, mine engineering, civil engineering, and environmental baseline data to support a feasibility study, which was completed in 1990.

Declining gold prices and the perception of an unfavorable permitting environment at that time discouraged Atlas from developing the project, and the property was optioned to Newmont Exploration Ltd (“Newmont”) in 1992.

The Newmont Era

Newmont leased the Grassy Mountain property from Atlas in September 1992 for \$30 million. In 1993, Newmont geologists mapped 40 square miles at a scale of 1:6000 and collected approximately 2,600 soil samples on a 400-foot by 200-foot grid to identify anomalies missed by the coarser Atlas grid. During 1993 and 1994, Newmont collected more than 400 rock chip samples and conducted several geophysical programs. A ground-based gravity survey was carried out along roadways and airborne magnetic and radiometric surveys were flown over the entire property. Ground based gradient array and ground magnetic surveys were conducted over primary target areas.

Newmont initiated an eleven-hole (11,472 feet) inclined diamond core drilling program designed to intersect and define the geometry of potential high-grade gold zones. Additionally, Newmont drilled one wedge hole off of their initial core drill hole. Three additional holes (2,912 feet) were drilled as RC pilot holes with core tails.

In late 1994, Newmont drilled 15 holes totalling approximately 15,000 feet and completed a mineral resource estimate that became the basis for an economic and mining method evaluation that was completed in 1995. Newmont determined that the project did not meet corporate objectives and returned the property to Atlas in September 1996.

The Tombstone Era

In January 1998, Atlas granted Tombstone Exploration Company Ltd (“Tombstone”) the option to purchase 100% of the property. Tombstone executed the option agreement and conducted an exploration program which included eight reverse circulation and two core holes totalling roughly 8,072 feet.

Prior to finalizing their agreement with Atlas, Tombstone completed an extensive review of previous work at the property and commissioned an economic study of alternative development scenarios. Relying heavily on Newmont’s gradient array surveys to define the drill targets. Lack of capital resources forced Tombstone to return the property to Atlas in May 1998.

The Seabridge/Calico Era

In February 2000, Seabridge entered an option agreement with Atlas to acquire a 100% interest in the Grassy Mountain property. Seabridge completed its acquisition of the Grassy Mountain Project in April 2003, and in April 2011, signed an option agreement granting Calico the sole and exclusive right and option to earn a 100% interest in the project.

During the 2011 exploration program, Calico mapped and sampled the Grassy Mountain deposit and completed three core and nine reverse circulation drill holes in the primary zone of mineralization on the property. Calico's exploration strategy was to target areas where resource expansion was most probable. Historical data was thoroughly reviewed prior to drilling, and fresh sets of cross-sections and long-sections were constructed based on existing information. New interpretations of the orientation of mineralization and geology were plotted on the new sections. The new sections were then used to select areas where in-fill drilling was needed and areas where gold mineralization was open-ended and resource expansion probable. A detailed geologic model was produced based on the results of the 2011 exploration work, and subsequent supporting geophysical surveys were completed in March, 2012. On February 5, 2013, Calico exercised its option to acquire a 100% interest in the Grassy Mountain Project from Seabridge.

A mineralized material estimate was prepared by Hardrock Consulting Inc. in November, 2014. An independent preliminary economic assessment ("PEA") was prepared in February, 2015 by MMC, which verified the mineralized material estimate and included all drill data obtained as of September 26, 2014. The PEA concluded that potential exists for the discovery of additional mineralized material at exploration target areas identified within the Grassy Mountain claim block and the current mineralized material at Grassy Mountain is sufficient to warrant continued planning and effort to explore, permit, and develop the Grassy Mountain Project. There is sufficient data to support a basic geologic model and continuing development of the project and the detailed geologic model described in the PEA, along with the results of the exploration, drilling, and geophysical surveys completed as of October 2014, are sufficient to support preparation of a Preliminary Feasibility Study.

There is no certainty that the scenarios or estimated economics in the PEA will be realized.

Paramount Era

In November, 2016, Paramount received approval from the Oregon Department of Geology and Mineral Industries ("DOGAMI") under Division 37 guidelines to commence its 30 hole drill program at its 100%-owned Grassy Mountain Gold Project in Eastern Oregon. The drill program is a key component of its NI 43-101 Pre-Feasibility Study ("PFS") that the Company began in August. Drilling was commenced in late November and was completed in the Company's fourth quarter.

In May 2018, we released the results of a new PFS for our Grassy Mountain Project in Oregon. The PFS was completed by Mine Development Associates ("MDA") of Reno Nevada. MDA concluded the extraction of the estimated mineralized material will be accessed via a proposed underground mine that will be accessed via one decline and a system of internal ramps. The mine design is based on a production rate of 1,300 to 1,400 tons per day over four days per week, with two shifts per day, to provide sufficient material to feed the 750 tons per day to the mill on a seven day per week basis.

The mineralization is considered to be amenable to a combination of gravity concentration and cyanide leaching. The recovery plan will be a conventional CIL type and will produce gold doré bars to be sold to gold refiners.

This mining scenario results in an average annual production of 47,000 ounces of gold and 50,000 ounces of silver for seven years. The metal prices used for the economic analysis includes \$1,300 per ounce of gold sold and \$16.75 per ounce of silver sold. The life of mine average cash operating are estimated to be \$528 per gold ounce including silver revenues as credit produced and the total life of mine capital requirements are estimated to be \$110 Million.

This PFS should not be considered to be a feasibility study, as the economics and technical viability of the Grassy Mountain Project have not been demonstrated at this time. Therefore, there can be no certainty that the estimates contained in the PFS will be realized.

Geology and Mineralization

Grassy Mountain is the largest of twelve recognized epithermal hot spring precious metal deposits of the Lake Owyhee volcanic field. The Lake Owyhee volcanic field occurs at the intersection of three tectonic provinces: the buried cratonic margin, the northern Basin and Range, and the Snake River Plain. During the mid-Miocene caldera volcanism occurred in the shallow crust throughout the region, predominately ash-flow sheets and rhyolite tuff cones. The resulting regional stratigraphic section is a thick sequence of mid-Miocene volcanic rocks and coeval-to-Pliocene age non-marine lacustrine, volcanoclastic, and fluvial sedimentary rocks.

Bedrock outcrops in the vicinity of the Grassy Mountain property are typically composed of olivine-rich basalt and siltstones, sandstones, and conglomerates of the late Miocene Grassy Mountain Formation. These rocks are locally covered with relatively thin, unconsolidated alluvial and colluvial deposits. Erosion-resistant basalts cap local topographic highs. Arkosic sandstones have been encountered at the surface and at depth, but have not been correlated across the project area, in part due to lateral discontinuity associated with sedimentary facies changes and structural offset. The basal unit to the Grassy Mountain Formation is the Kern Basin Tuff, a non-welded, pumiceous, crystal tuff which displays cross beds and local surge structures. The Kern Basin Tuff ranges in thickness from 300 feet on the south bluffs of Grassy Mountain, to 1,500 feet in a drill hole beneath the Grassy Mountain Project area.

The Kern Basin Tuff is overlain by a series of fluvial, lacustrine, and tuffaceous sediments. Most of the sedimentary units in the project area are silicified and strongly indurated. These sedimentary units include granitic clast conglomerate, arkosic sandstone, fine grained sandstone, siltstone, and tuffaceous siltstone/mudstone. The sedimentary facies of the Grassy Mountain Formation reportedly range from 300 to over 1,000 feet thick, and provide the host rocks of the Grassy Mountain mineral resource.

Several siliceous terraces are interbedded with the silicified sediments of the Grassy Mountain Formation. Terrace construction was apparently episodic and intermittently inundated by fluvial/lacustrine sediments and ash, resulting in an interbedded sequence of siltstone, tuffaceous siltstone, sandstone, conglomerate, and sinter terrace deposits. Proximal deposits are angular, inhomogeneous, clast-supported breccias of sandstone, siltstone, and sinter with indistinct clast boundaries in a sulfidic mud-textured matrix.

Grassy Mountain is a prominent, 150 feet high, silicified and iron-stained knob. Bedding is approximately horizontal at the hilltop, and dips at 10° to 25° to the north-northeast on the northern and eastern flanks of the hill. The bedding dip steepens to 30° to 40° on the west side of the hill due to drag folding in the footwall of the N20W striking Antelope Fault. The southwest slope of Grassy Mountain is covered by silicified arkose landslide debris.

Grassy Mountain is a horst block which has been raised 50 to 200 feet in a region of complex block faulting and rotation. Faulting at Grassy Mountain is dominated by post-mineral N30W to N10E striking normal faults developed during Basin and Range extension. On the northeast side of the deposit, these faults progressively down-drop mineralization beneath post-mineral cover. These offsets are suggested by interpreted offsets of a prominent white sinter bed in drill holes as well as intersections with fault gouge. The N70E striking Grassy Mountain Fault shows minor vertical offset of only 10 to 40 feet.

The surface expression of the Grassy Mountain system is indicated by weak to moderately strong silicification and iron staining with scattered chalcedonic veins/veinlets. Approximate dimensions of the Grassy Mountain deposit are 1600 feet long by 1000 feet wide by 600 feet thick. The deposit has a general N70 E elongation and a 15° bedding plane dip to the north-northeast as a result of faulting and fault block rotation. There is an envelope of lower grade mineralization at depths of 200 to 800 feet which contains a higher-grade zone of mineralization between 500 and 750 feet below the surface. The well-defined base of higher grade mineralization from about 700 to 750 feet in depth suggests a strong pressure-temperature control on gold deposition. Sinters and breccias parallel the paleosurface present at the time of mineralization. Fractures created a stockwork pattern generally found below the sinter, though some vein extensions may extend to the surface. The stockwork is surrounded by silicified sediments. Mineralized quartz-adularia stockwork and vein types include single, banded, colliform, brecciated, and calcite-pseudomorphed veins. Visible gold (0.5 mm) has been found within the stockwork portions of the boiling horizon. The gold mostly occurs as electrum along the fracture margins or within microscopic voids. A brassy color is imparted due to the high silver content. The average silver to gold ratio at Grassy Mountain is 2.5:1.

Silicification occurs both pervasively as silica flooding and as cross-cutting veins, veinlets and stockworks. The silicified envelope has plan dimensions of 3000 feet (N-S) by 2500 feet (E-W). Silicification is surrounded by barren, relatively unaltered, clay-rich (20-40% montmorillonite), tuffaceous siltstone and arkose with minor disseminated diagenetic pyrite. Many of the sinters occur as sheets instead of mounds, which suggests that they may be related to vents along faults rather than point sources. Potassic alteration occurs as adularia flooding with destruction of biotite. The adularia is extremely fine-grained and is identified microscopically or by cobaltinitrite staining. Sulfate phases identified by XRD include jarosite and alunite in several mineralized samples. Clast-supported breccias contain sub-rounded to sub-angular sand to boulder-sized clasts of silicified arkose and siltstone in a jarosite-sericite clay matrix.

The Grassy Mountain deposit has a trace element signature that includes low levels of As, Sb, and Hg.

Other Non-Material Properties

The Company owns additional mining claims in the State of Nevada that represents its non-material properties. The Mill Creek property which comprises 36 unpatented lode mining claims are located in Lander County. The Company intends to maintain the annual mining claim fees of approximately \$7,000 for these claims and is actively marketing them for sale to interested third parties.

The Mill Creek claims are without known mineral reserves and there is no current exploratory work being performed.

During the fiscal year ended June 30, 2017, the Company sold 38 lode mining claims in Pershing County for \$100,000 to a third party.

Item 3. Legal Proceedings.

None

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

MARKET INFORMATION

Our common stock began trading on the NYSE American LLC under the symbol "PZG" on April 20, 2015. Prior to that time, there was no public market for our stock. The following table sets forth for the indicated periods the high and low intra-day sales prices per share for our common stock on the NYSE American LLC for the two most recent years.

		High	Low
	Year Ended June 30, 2018		
First Quarter	\$	1.80	1.38
Second Quarter		1.64	1.16
Third Quarter		1.44	1.18
Fourth Quarter		1.64	1.21
	Year Ended June 30, 2017		
First Quarter	\$	2.79	1.65
Second Quarter		2.08	1.54
Third Quarter		2.09	1.60
Fourth Quarter		1.80	1.51

HOLDERS

As of September 7, 2018, there were 174 registered shareholders of our common stock.

DIVIDENDS

We currently do not anticipate paying cash dividends for the foreseeable future.

RECENT SALE OF UNREGISTERED SECURITIES AND USE OF PROCEEDS

On October 7, 2017, Paramount issued 1,775,000 shares of its common stock in a brokered private placement with accredited investors at a price of \$1.40 per share, for gross proceeds of \$2.5 million.

On June 25, 2018, the Company entered into definitive agreements with accredited investors to issue common stock and warrants in a private transaction (the "Transaction"). Under the terms of the Transaction, Paramount has sold an aggregate of 2,400,000 units at \$1.25 per unit for aggregate proceeds of \$3,000,000. Each unit consists of one share of common stock and one warrant to purchase one-half of a share of common stock. Each warrant will have a two-year term and will be exercisable at the following exercise prices: in the first year at \$1.30 per share and in the second year at \$1.50 per share. The Transaction closed on July 6, 2018. There were no commissions or underwriting fees paid in connection with the Transaction.

EQUITY COMPENSATION PLAN

Set out below is information as of June 30, 2018 with respect to compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance under our Equity Incentive Plan.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price per share of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	1,568,995	\$ 1.50	—
Equity compensation plans not approved by security holders	—	\$ —	—
TOTAL	1,568,995		—

Item 6. Selected Financial Data.

Not applicable as a smaller reporting company.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are an emerging growth company engaged in the business of acquiring, exploring and developing precious metal projects in the United States of America. Paramount owns advanced stage exploration projects in the states of Nevada and Oregon. We enhance the value of our projects by implementing exploration and engineering programs that are likely to expand and upgrade known mineralized material to reserves. The following discussion updates our outlook and plan of operations for the foreseeable future. It also analyzes our financial condition and summarizes the results of our operations for the years ended June 30, 2018 and 2017 and compares each year's results to the results of the prior year.

Operating Highlights:

In July 2017, Paramount completed a 30 hole drill program at its Grassy Mountain Project in Oregon that it commenced in late 2016. The drill program was designed with the primary objective of better defining the mineralized material for underground mining. Secondly, material was recovered in the drill program for additional metallurgical testing and geotechnical data required to optimize precious metal recovery processes and to determine the most efficient mining method.

In August, 2017, we commenced drilling of deep monitoring wells at the Grassy Mountain Project. Data from this program will help to define a water flow model, characterize the water quality and determine if there will be any mine dewatering needs. These wells will also be used for monitoring during operation of the mine.

Also in August 2017, the Company filed a mine Plan of Operations ("POO") with the Federal Bureau of Land Management's ("BLM") district office in Vale, Oregon for its Grassy Mountain Project. With the POO filed, the BLM can initiate its National Environmental Policy Act ("NEPA") review process which will commence with the preparation of an Environmental Impact Statement ("EIS").

In October, 2017, the Company closed a public offering of 3,520,000 shares of common stock and closed a private placement of 1,775,000 shares of common stock both at a price of \$1.40 for aggregate gross proceeds of \$7.4 million.

In November, 2017, Paramount received approvals from both the Oregon Department of Geology and Mineral Industries ("DOGAMI") and the BLM to proceed with a program of auger drilling, core drilling, and back hoe excavations at its Grassy Mountain proposed mine site as part of the project's Preliminary Feasibility Study ("PFS"). The work is designed to characterize the rock and alluvium under the proposed mill, processing plant, and tailings areas to ensure stability and adjust the design of these installations if necessary. The work was completed in December 2017.

In February, 2018, Paramount exercised its option to reduce the existing Net Smelter Royalty (“NSR”) from 6% down to 1.5% and to acquire all rights to the private land at Grassy Mountain Project for a total payment of \$2.4 million.

In March 2018, Paramount received approval for four environmental baseline studies by the DOGAMI and the Department of Environmental Quality (“DEQ”). These studies are required for the permitting of Paramount’s proposed gold mine at Grassy Mountain.

In May 2018, we released the results of a new PFS for our Grassy Mountain Project in Oregon. The PFS was completed by Mine Development Associates (“MDA”) of Reno Nevada. MDA concluded the extraction of the estimated mineralized material will be accessed via a proposed underground mine that will be accessed via one decline and a system of internal ramps. The mine design is based on a production rate of 1,300 to 1,400 tons per day over four days per week, with two shifts per day, to provide sufficient material to feed the 750 tons per day to the mill on a seven day per week basis.

The mineralization is considered to be amenable to a combination of gravity concentration and cyanide leaching. The recovery plan will be a conventional CIL type and will produce gold doré bars to be sold to gold refiners. This mining scenario results in an average annual production of 47,000 ounces of gold and 50,000 ounces of silver for seven years. The metal prices used for the economic analysis includes \$1,300 per ounce of gold sold and \$16.75 per ounce of silver sold. The life of mine average cash operating are estimated to be \$528 per gold ounce including silver revenues as credit produced and the total life of mine capital requirements are estimated to be \$110 Million.

This PFS should not be considered to be a feasibility study, as the economics and technical viability of the Grassy Mountain Project have not been demonstrated at this time. Therefore, there can be no certainty that the estimates contained in the PFS will be realized

On June 25, 2018, the Company entered into definitive agreements with accredited investors to issue common stock and warrants in a private transaction (the “Transaction”). Under the terms of the Transaction, Paramount has sold an aggregate of 2,400,000 units at \$1.25 per unit for aggregate proceeds of \$3,000,000. Each unit consists of one share of common stock and one warrant to purchase one-half of a share of common stock. Each warrant will have a two-year term and will be exercisable at the following exercise prices: in the first year at \$1.30 per share and in the second year at \$1.50 per share. The Transaction closed on July 6, 2018.

Outlook and Plan of Operation:

We believe that investors will gain a better understanding of our company if they understand how we measure and talk about our results. As an exploration and development company, we recognized the importance managing our liquidity and capital resources. We pay close attention to non-discretionary cash expenses and look for ways to minimize them when possible. We ensure we have sufficient cash on hand to meet our annual land holding costs as the maintenance of mining claims and leases are essential to preserve the value of our mineral property assets.

For the upcoming fiscal year, we intend to undertake the following:

Sleeper Gold Project:

The Company is expected to focus its efforts on its reclamation and claim management activities for the fiscal year ending June 30, 2019. For these activities, the Company has budgeted approximately \$0.7 million. Of this budgeted amount approximately \$0.41 million has been allocated for claim maintenance and the remaining amount of \$0.29 to other general and administration expenses. All reclamation expenses are reimbursed by an in place insurance program.

Grassy Mountain Project:

Paramount expects to submit a consolidated mining permit with the State of Oregon. In order submit the application, the Company will be required to receive the approval of additional baseline studies from the permitting agencies and complete additional detailed analysis to satisfy the permit application requirements. In addition to its permitting activities, the Company will implement an exploration program on selective targets on the Grassy Mountain land package and will seek proposals to complete a feasibility study on the proposed mining operation.

The Company has estimated costs of approximately \$4 million for these activities for the fiscal year ending June 30, 2019.

Comparison of Operating Results for the year ended June 30, 2018 as compared to June 30, 2017

Results of Operations

We did not earn any revenue from mining operations for the years ended June 30, 2018 and 2017. During the year ended June 30, 2018, we completed various activities and milestones as described above in operating highlights. Other normal course of business activities included filing annual mining claim fees with the BLM, reclamation work at the Sleeper mine site and on-going reviews of its mining claims were completed.

Net Loss

Our net loss for the year ended June 30, 2018 was \$6,068,154 compared to a net loss of \$4,339,602 in the previous year. The increase of approximately 40% is fully described below. We will continue to incur losses for the foreseeable future as we continue with our planned exploration programs.

Expenses

Exploration and Land Holding Costs

For the year ended June 30, 2018, exploration expenses were \$4,222,612 compared to \$5,373,699 in the prior year. This represents an decrease of 21% or \$1,151,087. In the current fiscal year, the Company completed activities related to the PFS on Grassy Mountain. Total exploration expenses at Grassy Mountain during the year were \$3,461,316. The Company expects that our discretionary exploration expenses in the next fiscal year to remain stable as we undertake exploration drilling at the Grassy Mountain project and proceed with permitting activities at Grassy Mountain. For the year ended June 30, 2018, land holding costs decreased by 18% or by \$116,349 from the prior year to \$519,582. The decrease was due to not incurring the annual lease payment for the private land at its Grassy Mountain project as the Company exercised its option to purchase the land as described above in Operating Highlights.

Salaries and Benefits

For the year ended June 30, 2018, salary and benefits decreased by 21% or by \$174,111 from the prior year to \$657,070. Salary and benefits is comprised of cash and stock based compensation of the Company's executive and corporate administration teams. The decrease reflects a reduction of stock based compensation from the comparable prior year period. Included in the salary and benefits expense amount for the year ended June 30, 2018 and 2017 was a non-cash stock based compensation of \$19,353 and \$132,845, respectively.

Professional Fees and General and Administration

For the year ended June 30, 2018, professional fees were \$113,783 compared to \$199,013 in the prior year. This represents a decrease of 43% or \$85,230. In the prior year's comparable period the Company incurred one-time legal, accounting and tax advisory fees related to its integration of its acquisition of Calico.

For the year ended June 30, 2018, general and administration expenses increase by 3% to \$523,890 from \$507,038 in the prior year. The increase reflects additional general and administration expenses, increased compliance costs and increased travel and marketing expenses from the prior year.

Liquidity and Capital Resources

As an exploration and development company, Paramount funds its operations, reclamation activities and discretionary exploration programs with its cash on hand. At June 30, 2018, we had cash and cash equivalents of \$297,389 compared to \$1,911,170 as at June 30, 2017. During the three months ended December 31, 2017, the Company closed a public offering of 3,520,000 shares of common stock and closed a private placement of 1,775,000 shares of common stock both at a price of \$1.40 for aggregate gross proceeds of \$7.4 million.

The main uses of cash were comprised of the following material amounts:

- Cash used to fund our operations which included general and administration expenses, land holding costs, exploration programs at our Grassy Mountain of \$5,840,679; and

- Cash used in investing activities in which the Company exercised its option to purchase the private land at its Grassy Mountain Project of \$2,400,000.

Subsequent to the year-ended June 30, 2018, we closed a private placement and issued 2,400,000 units at \$1.25 per unit for aggregate proceeds of \$3.0 million.

We anticipate our twelve month cash expenditures for our fiscal year ending June 30, 2019 to be as follows:

- \$2.0 million on corporate administration expenses (expenses include executive management and employee salaries, legal, audit, marketing and other general and administrative expenses)
- \$0.70 million on the Sleeper Gold Project (expenses include reclamation costs, employee salary and benefits, and land holding costs)
- \$4.0 million on the Grassy Mountain Project (expenses include consulting fees, land holding costs and general and administration expenses, environmental impact statement preparation, State of Oregon permit application and evaluation activities)

In order for us to complete our anticipated cash-budget, the company will require further capital resources. Historically, we and other similar exploration and development public companies have accessed capital through equity financing arrangements. If, however we are unable to obtain additional capital or financing, our exploration and development activities will be significantly adversely affected.

Contractual Obligations

The following table summarizes our obligations and commitments as of June 30, 2018 to make future payments under certain contracts, aggregated by category of contractual obligation, for specified time periods:

Contractual Obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Accounts Payable & Accrued Liabilities	\$ 927,962	\$ 927,962	—	—	—
Asset Retirement Obligations	1,072,551	101,593	210,308	54,034	706,616
Total	\$ 2,000,513	\$ 1,029,555	\$ 210,308	\$ 54,034	\$ 706,616

Critical Accounting Policies

Management considers the following policies to be most critical in understanding the judgments that are involved in preparing the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition and cash flows. Our financial statements are affected by the accounting policies used and the estimates and assumptions made by management during their preparation. Management believes the Company's critical accounting policies are those related to mineral property acquisition costs, exploration and development cost, stock based compensation, derivative accounting and foreign currency translation.

Estimates

The Company prepares its consolidated financial statements and notes in conformity to United States Generally Accepted Accounting Principles ("U.S. GAAP") and requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates these estimates, including those related to allowances for doubtful accounts receivable and long-lived assets. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Mineral property acquisition costs

The Company capitalizes the cost of acquiring mineral properties and will amortize these costs over the useful life of a property following the commencement of production or expense these costs if it is determined that the mineral property has no future economic value or the properties are sold or abandoned. Costs include cash consideration and the fair market value of shares issued on the acquisition of mineral properties. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts of the specific mineral property at the time the payments are made.

The amounts recorded as mineral properties reflect actual costs incurred to acquire the properties and do not indicate any present or future value of economically recoverable reserves.

Exploration expenses

We record exploration expenses as incurred. When we determine that precious metal resource deposit can be economically and legally extracted or produced based on established proven and probable reserves, further exploration expenses related to such reserves incurred after such a determination will be capitalized. To date, we have not established any proven or probable reserves and will continue to expense exploration costs as incurred.

Asset Retirement Obligation

The fair value of the Company's asset retirement obligation ("ARO") is measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk free rate of interest, while taking into account the inflation rate. The Company prepares estimates of the timing and amounts of expected cash flows and ongoing reclamation expenditures are charged against the ARO as incurred to the extent they relate to the ARO. Significant judgments and estimates are made when estimating the fair value of AROs.

Stock Based Compensation

For stock option grants with market conditions that affect vesting, the Company uses a lattice approach incorporating a Monte Carlo simulation to value stock options granted.

For stock option grants that have no market conditions that affect vesting, the Company uses the Black-Scholes option valuation model to value stock options granted. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation, the following assumptions were used for the fiscal years ended June 30, 2018 and 2017:

	2018	2017
WA Risk free interest rate	2.54%	1.26%
WA Expected dividend yield	0%	0%
WA Expected stock price volatility	67.16%	70.26%
WA Expected life of options	5 years	5 years

Reclassification

Certain comparative figures have been reclassified to conform to the current year-end presentation.

Off-Balance Sheet Arrangements

We are not currently a party to, or otherwise involved with, any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, or capital resources.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Foreign Currency Exchange Rate Risk

The Company holds cash balances in both U.S. and Canadian dollars. We transact most of our business in U.S. dollars. We do not manage our foreign currency exchange rate risk through the use of financial or derivative instruments, forward contracts or hedging activities.

In general, the strengthening of the U.S. dollar will positively impact our expenses transacted in Canadian dollars. Conversely, any weakening of the U.S. dollar will increase our expenses transacted in Canadian dollars. We do not believe that any weakening of the U.S. dollar as compared to the Canadian dollar will have an adverse material effect on our operations.

Interest Rate Risk

The Company's investment policy for its cash and cash equivalents is focused on the preservation of capital and supporting the liquidity requirements of the Company. The Company's interest earned on its cash balances is impacted on the fluctuations of U.S. interest rates. We do not use interest rate derivative instruments to manage exposure to interest rate changes. We do not believe that interest rate fluctuations will have any material effect on our operations.

Item 8. Financial Statements and Supplementary Data.

Our financial statements, accompanying notes and Report of Independent Registered Public Accounting Firm are included in this Annual Report on Form 10-K beginning on page F-1, which are incorporated in this Item 8 by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including the Principal Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Principal Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Principal Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2018. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated 2013 Framework. Based on this assessment, our management concluded that, as of June 30, 2018, our internal control over financial reporting is effective based on those criteria.

Because we are an emerging growth company under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting for so long as we are an emerging growth company.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes to our internal control over financial reporting that occurred during the year ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Items 401, 405, 406, 407(c)(3), (d)(4) and (d)(5) of Regulation S-K will be contained in the Company's 2018 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2018 (the "2018 Proxy Statement") and is hereby incorporated by reference thereto.

Item 11. Executive Compensation.

The information required by Item 402 and paragraph (e)(4) and (e)(5) of Item 407 of Regulation S-K will be contained in the Company's 2018 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2018 and is hereby incorporated by reference thereto.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 201(d) and Item 403 of Regulation S-K will be contained in the Company's 2018 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2018 and is hereby incorporated by reference thereto.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 404 and Item 407(a) of Regulation S-K will be contained in the Company's 2018 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2018 and is hereby incorporated by reference thereto.

Item 14. Principal Accounting Fees and Services.

The information required by Item 9(e) of Schedule 14A will be filed in the Company's 2018 Proxy Statement, to be filed with the SEC within 120 days following the end of the Company's fiscal year ended June 30, 2018 and is hereby incorporated by reference thereto.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following report and financial statements are filed together with this Annual Report:

(1) Audited Consolidated Financial Statements of Paramount Gold Nevada Corp.

Included in Part II of this report:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of June 30, 2018 and 2017

Consolidated Statements of Operations for the years ended June 30, 2018 and 2017

Consolidated Statements of Cash Flows for the years ended June 30, 2018 and 2017

Consolidated Statements of Stockholders's Equity for the years ended June 30, 2018 and 2017

Notes to Consolidated Financial Statements

(b) Index to Exhibits

Exhibit Number	Description
2.1	<u>Form of Separation and Distribution Agreement by and between Paramount Gold and Silver Corp. and the Registrant.</u> ¹
2.2	<u>Agreement and Plan of Merger among Coeur Mining, Inc., Hollywood Merger Sub, Inc., Paramount Gold and Silver Corp., and the Registrant, Dated as of December 16, 2014.</u> ¹
2.3	<u>Arrangement Agreement and Plan of Arrangement dated March 14, 2016, among Paramount Gold Nevada Corp. and Calico Resources Corp. (Incorporated herein by reference to Exhibit 2.1 to Current Report on Form 8-K of the Company filed on March 17, 2016)</u>
3.1	<u>Certificate of Amended and Restated Articles of Incorporation.</u> ²
3.2	<u>Amended and Restated Bylaws.</u> ²
4.1	<u>Form of Warrant (Incorporated herein by reference to Exhibit 4.1 to Current Report on Form 8-K of the Company filed on February 9, 2017)</u>
4.2	<u>Form of Warrant (Incorporated herein by reference to Exhibit 4.1 to Current Report on Form 8-K of the Company filed on June 29, 2018)</u>
10.1	<u>2015 Stock Incentive and Equity Compensation Plan.</u> ²
10.2	<u>2016 Stock Incentive and Equity Compensation Plan (Incorporated herein by reference to Exhibit 1 to Definitive Proxy Statement on Schedule 14A of the Company filed on October 28, 2016)</u>
10.3	<u>Form of Stock Subscription Agreement between Coeur Mining, Inc. and the Registrant.</u> ³
10.4	<u>Employment Agreement dated October 26, 2015 between Company and Glen Van Treek (Incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K of the Company filed on October 26, 2015)</u>
10.5	<u>Employment Agreement dated October 26, 2015 between Company and Carlo Buffone (Incorporated herein by reference to Exhibit 10.2 to Current Report on Form 8-K of the Company filed on October 26, 2015)</u>
10.6	<u>Amended Employment Agreement Glen Van Treek dated August 10, 2016 (Incorporated herein by reference to exhibit 10.1 to Current Report on Form 8-K of the Company filed on August 12, 2016)</u>
10.7	<u>Amended Employment Agreement Carlo Buffone dated August 10, 2016 (Incorporated herein by reference to exhibit 10.2 to Current Report on Form 8-K of the Company filed on August 12, 2016)</u>
10.8	<u>Form of Subscription Agreement (Incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K of the Company filed on February 9, 2017)</u>
10.9	<u>Form of Subscription Agreement (Incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K of the Company filed on June 29, 2018)</u>
21.1*	<u>List of subsidiaries.</u>
23.1*	<u>Consent of MNP LLP, Independent Registered Public Accounting Firm</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

¹ Incorporated by reference to the exhibit filed in the Registrant's Amendment No. 1 to Registration Statement on Form S-1 filed on February 23, 2015.

² Incorporated by reference to the exhibit filed in the Registrant's Form 10-Q filed on May 22, 2015.

³ Incorporated by reference to the exhibit filed in the Registrant's Amendment No. 3 to Registration Statement on Form S-1 filed on April 2, 2015.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Company Name

Date: September 11, 2018

By: /s/ Glen Van Treek
Glen Van Treek
(Director, CEO and President)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Glen Van Treek</u> Glen Van Treek	Director and President (Principal Executive Officer)	September 11, 2018
<u>/s/ Carlo Buffone</u> Carlo Buffone	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 11, 2018
<u>/s/ John Seaberg</u> John Seaberg	Director	September 11, 2018
<u>/s/ Rudi Fronk</u> Rudi Fronk	Director	September 11, 2018
<u>/s/ David Smith</u> David Smith	Director	September 11, 2018
<u>/s/ John Carden</u> John Carden	Director	September 11, 2018
<u>/s/ Eliseo Gonzalez-Urien</u> Eiseo Gonzalez-Urien	Director	September 11, 2018
<u>/s/ Christopher Reynolds</u> Christopher Reynolds	Director	September 11, 2018
<u>/s/ Pierre Pelletier</u> Pierre Pelletier	Director	September 11, 2018

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of **Paramount Gold Nevada Corp.**:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Paramount Gold Nevada Corp. (the Company) as of June 30, 2018 and 2017 and the related statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the two year period ended June 30, 2018, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two year period ended June 30, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

A handwritten signature in black ink, appearing to read "MNP" followed by a stylized flourish or "up".

We have served as the Company's auditor since 2015.

Vancouver, BC, Canada

September 11, 2018

PARAMOUNT GOLD NEVADA CORP.
Consolidated Balance Sheets
as of June 30, 2018 and 2017

	As at June 30, 2018	As at June 30, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 297,389	\$ 1,911,170
Prepaid and deposits	244,125	213,608
Accounts receivable	—	15,804
Other assets	16,292	—
Total Current Assets	<u>557,806</u>	<u>2,140,582</u>
Non-Current Assets		
Mineral Properties (Note 7)	48,860,386	46,460,386
Property and equipment	8,927	12,659
Reclamation bond (Note 8)	1,769,501	2,086,562
Total Non-Current Assets	<u>50,638,814</u>	<u>48,559,607</u>
Total Assets	<u>\$ 51,196,620</u>	<u>\$ 50,700,189</u>
Liabilities and Stockholders' Equity		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 927,962	\$ 873,127
Reclamation and environmental obligation, current portion (Note 8)	101,593	216,101
Total Current Liabilities	<u>1,029,555</u>	<u>1,089,228</u>
Non-Current Liabilities		
Reclamation and environmental obligation, non-current portion (Note 8)	970,958	1,044,933
Total Liabilities	<u>2,000,513</u>	<u>2,134,161</u>
Stockholders' Equity		
Common stock, par value \$0.01, 50,000,000 authorized shares, 23,074,954 issued and outstanding at June 30, 2018 and 17,779,954 issued and outstanding at June 30, 2017	230,750	177,800
Additional paid in capital	90,695,497	84,050,214
Deficit	(41,730,140)	(35,661,986)
Total Stockholders' Equity	<u>49,196,107</u>	<u>48,566,028</u>
Total Liabilities and Stockholders' Equity	<u>\$ 51,196,620</u>	<u>\$ 50,700,189</u>

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

Subsequent Events: Note 14

PARAMOUNT GOLD NEVADA CORP.
Consolidated Statements of Operations and Comprehensive Loss
for the Years ended June 30, 2018 and 2017

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017
Revenue		
Other income (Note 9)	\$ 344,632	\$ 280,671
Total Revenue	<u>344,632</u>	<u>280,671</u>
Expenses		
Exploration	4,222,612	5,373,699
Land holding costs	519,582	635,931
Professional fees	113,783	199,013
Salaries and benefits	657,070	831,181
Directors compensation	120,123	159,161
General and administrative	523,890	507,038
Insurance	117,824	144,572
Depreciation	3,732	4,764
Accretion (Note 8)	150,736	137,288
Total Expenses	<u>6,429,352</u>	<u>7,992,647</u>
Net Loss before other items	<u>6,084,720</u>	<u>7,711,976</u>
Other items		
Interest income	(22,176)	(14,727)
Interest and service charges	5,610	2,404
Gain on sale of Mineral Property (Note 7)	—	(100,000)
Non recurring rebates	—	(44,633)
Net Loss before tax	<u>6,068,154</u>	<u>7,555,020</u>
Deferred tax recovery (Note 3)	—	(3,215,418)
Net Loss and Comprehensive Loss	<u>6,068,154</u>	<u>4,339,602</u>
Loss per Common share		
Basic	\$ 0.28	\$ 0.27
Diluted	\$ 0.28	\$ 0.27
Weighted Average Number of Common Shares Used in Per Share Calculations		
Basic	21,566,242	16,331,165
Diluted	21,566,242	16,331,165

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

PARAMOUNT GOLD NEVADA CORP.
Consolidated Statements of Stockholders' Equity
for the Years ended June 30, 2018 and 2017

	Shares	Common Stock	Additional Paid-In Capital	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at June 30, 2016	<u>8,518,791</u>	<u>\$ 85,188</u>	<u>\$65,143,383</u>	<u>\$(31,322,384)</u>	<u>\$ —</u>	<u>\$33,906,187</u>
Stock based compensation	—	—	243,421	—	—	243,421
Capital issued for acquisition (Note 3)	7,171,163	71,712	15,131,154	—	—	15,202,866
Capital issued for financing (Note 6)	2,090,000	20,900	3,532,256	—	—	3,553,156
Net loss	—	—	—	(4,339,602)	—	(4,339,602)
Balance at June 30, 2017	<u>17,779,954</u>	<u>\$ 177,800</u>	<u>\$84,050,214</u>	<u>\$(35,661,986)</u>	<u>\$ —</u>	<u>\$48,566,028</u>
Stock based compensation	—	—	71,335	—	—	71,335
Capital issued for financing (Note 6)	5,295,000	52,950	6,573,948	—	—	6,626,898
Net loss	—	—	—	(6,068,154)	—	(6,068,154)
Balance at June 30, 2018	<u>23,074,954</u>	<u>\$ 230,750</u>	<u>\$90,695,497</u>	<u>\$(41,730,140)</u>	<u>\$ —</u>	<u>\$49,196,107</u>

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

PARAMOUNT GOLD NEVADA CORP.
Consolidated Statements of Cash Flows
for the Years ended June 30, 2018 and 2017

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017
Net Loss	\$ (6,068,154)	\$ (4,339,602)
Adjustment for:		
Depreciation	3,732	4,764
Stock based compensation	71,335	243,421
Accretion expense (Note 8)	150,736	137,288
Change in reclamation	(22,158)	(14,724)
Insurance expense	—	24,517
Deferred tax recovery	—	(3,215,418)
(Increase) decrease in accounts receivable	15,804	(15,804)
(Increase) decrease in other assets	(16,292)	—
(Increase) decrease in prepaid expenses	(30,517)	(38,225)
Increase (decrease) in accounts payable and accrued liabilities	54,835	697,326
Cash used in operating activities	(5,840,679)	(6,516,457)
Acquisition of Calico	—	(1,006,964)
Purchase of mineral properties	(2,400,000)	—
Cash acquired in Calico transaction	—	4,363
Purchase of equipment	—	(2,527)
Cash used in investing activities	(2,400,000)	(1,005,128)
Capital issued for financing (Note 6)	6,626,898	3,558,497
Cash provided by financing activities	6,626,898	3,558,497
Change in cash during year	(1,613,781)	(3,963,088)
Cash at beginning of year	1,911,170	5,874,258
Cash at end of year	\$ 297,389	\$ 1,911,170

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

PARAMOUNT GOLD NEVADA CORP.
Notes to Consolidated Financial Statements

Note 1. Description of Business and Summary of Significant Accounting Policies

Paramount Gold Nevada Corp. (the “Company” or “Paramount”), incorporated under the General Corporation Law of the State of Nevada, and its wholly-owned subsidiaries are engaged in the acquisition, exploration and development of precious metal properties. The Company’s wholly owned subsidiaries include New Sleeper Gold LLC, Sleeper Mining Company, LLC, and Calico Resources USA Corp (“Calico”). The Company is in the process of exploring its mineral properties in Nevada and Oregon, United States. The Company’s activities are subject to significant risks and uncertainties, including the risk of failing to secure additional funding to advance its projects and the risks of determining whether these properties contain reserves that are economically recoverable. The Company’s shares of common stock trade on the NYSE AMERICAN LLC under the symbol “PZG”.

Basis of Presentation and Preparation

The consolidated financial statements are prepared by management in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Marketable Securities

The Company classifies its marketable securities as available-for-sale securities. The securities are measured at fair market value in the financial statements with unrealized gains and temporary losses on investments classified as available for sale are included within accumulated other comprehensive income, net of any related tax effect. Upon realization, such amounts are reclassified from accumulated other comprehensive income to other income, net, realized gains and losses and other than temporary impairments, if any, are reflected in the statements of operations as other income or expenses. The Company does not recognize changes in the fair value of its investments in income unless a decline in value is considered other than temporary.

Use of Estimates

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made by management in the accompanying consolidated financial statements include the adequacy of the Company’s asset retirement obligations, valuation of deferred tax asset, and assessment of impairment of mineral properties.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash and cash equivalents. The carrying amount of these securities approximates fair value because of the short-term maturity of these instruments.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash in accounts which may, at times, exceed federally insured limits. At June 30, 2018, there were no balances that were in excess of federally insured limits. We deposit our cash with financial institutions which we believe have sufficient credit quality to minimize the risk of loss.

Fair Value Measurements

The Company has adopted FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. The Company applies fair value accounting for all financial assets and liabilities and non – financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company has adopted FASB ASC 825, Financial Instruments, which allows companies to choose to measure eligible financial instruments and certain other items at fair value that are not required to be measured at fair value. The Company has not elected the fair value option for any eligible financial instruments.

Stock Based Compensation

The Company has adopted the provisions of FASB ASC 718, “*Stock Compensation*” (“ASC 718”), which establishes accounting for equity instruments exchanged for employee services. Under the provisions of ASC 718, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee’s requisite service period (generally the vesting period of the equity grant). New shares of the Company’s common stock will be issued for any options exercised.

Mineral Properties

Mineral property acquisition costs are capitalized when incurred and will be amortized using the units-of-production method over the estimated life of the reserve following the commencement of production. If a mineral property is subsequently abandoned or impaired, any capitalized costs will be expensed in the period of abandonment or impairment.

Acquisition costs include cash consideration and the fair market value of shares issued on the acquisition of mineral properties.

Exploration Costs

Exploration costs, which include maintenance, development and exploration of mineral claims, are expensed as incurred. When it is determined that a mineral deposit can be economically developed as a result of establishing proven and probable reserves, the costs incurred after such determination will be capitalized and amortized over their useful lives. To date, the Company has not established the commercial feasibility of its exploration prospects; therefore, all exploration costs are being expensed.

Property and Equipment

Equipment is recorded at cost less accumulated depreciation. All equipment is depreciated over its estimated useful life at the following annual rates:

Computer equipment	30% declining balance
Equipment	20% declining balance

Asset Retirement Obligations

The Company follows the provisions of ASC 440, “Asset Retirement and Environmental Obligations”, which establishes the standards for the initial measurement and subsequent accounting for obligations associated with the sale, abandonment, or other disposal of long-lived tangible assets arising from the acquisition, construction or development and for normal operations of such assets. The Company’s asset retirement obligations are further described in Note 8.

Net Loss per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during each period. Diluted loss per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

For the years ended June 30, 2018 and 2017, the shares of common stock equivalents related to outstanding stock options have not been included in the diluted per share calculation as they are anti-dilutive as the Company has recorded a net loss from continuing operations for each year.

Revenue Recognition

Revenue is recognized when persuasive evidence that an agreement exists, the risks and rewards of ownership pass to the purchaser, the selling price is fixed and determinable; or collection is reasonably assured. The passing of title to the purchaser is based on the terms of the purchase and sale agreement.

Income Taxes

Income taxes are determined using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted FASB ASC 740 as of its inception. Pursuant to FASB ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future periods; and accordingly is offset by a valuation allowance. FIN No.48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken in tax returns.

To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, such amounts would be accrued and classified as a component of income tax expense in our Consolidated Statements of Operations and Comprehensive Loss. The Company elected this accounting policy, which is a continuation of our historical policy, in connection with our adoption of FIN 48.

Note 2. Recent Accounting Guidance

In August 2016, the FASB issued ASU 2016-15, “*Statement of Cash Flows (Topic 230)*,” which provides guidance on presentation and classification of certain cash receipts and payments in the statement of cash flows. These changes become effective for the Company's fiscal year beginning July 1, 2018 and is not expected to impact the Company's consolidated cash flows disclosures.

In November 2016, the FASB issued ASU 2016-18, “*Statement of Cash Flows (Topic 230) - Restricted Cash*,” which will require entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. These changes become effective for the Company's fiscal year beginning July 1, 2018 and is not expected to impact the Company's consolidated financial position, results of operations, and cash flows.

In January 2017, the FASB issued ASU 2017-01, “*Business Combinations (Topic 805) - Clarifying the Definition of a Business*,” which clarifies the definition of a business to assist entities in the evaluation of acquisitions and disposals of assets or businesses. These changes become effective for the Company's fiscal year beginning July 1, 2018 and is not expected to impact the Company's consolidated financial position, results of operations, and cash flows.

Note 3. Acquisitions

On July 7, 2016, the Company completed the acquisition of Calico, which held mining claims and the Grassy Mountain Gold Project in Oregon, USA. Upon closing of the transaction, Calico became a wholly-owned subsidiary of the Company, and each issued and outstanding share of Calico common stock was converted into 0.07 shares of Paramount common stock.

The transaction was accounted for as an asset acquisition, as Calico is an exploration stage project, which requires that the total purchase price be allocated to the assets acquired and liabilities assumed based on their relative fair values. Transaction advisory fees and other acquisition costs incurred prior to the closing of the transaction were recorded as Other Assets on the Balance Sheet. The purchase price and acquired assets and liabilities were as follows:

Common shares issued (7,171,163 at \$2.12)	\$ 15,202,866
Transaction advisory fees and other acquisition costs	795,925
Total purchase price	\$ 15,998,791
Assets:	
Cash	\$ 4,363
Receivables and other current assets	28,093
Mineral properties	20,785,728
	20,818,184
Liabilities:	
Accounts payable and accrued liabilities	1,603,975
Deferred tax liability	3,215,418
	4,819,393
Net assets acquired	\$ 15,998,791

Pursuant to the acquisition of Calico, the Company recorded a deferred tax liability of \$3,215,418. Subsequent to the acquisition, the Company determined that it would be able to utilize the benefit of its tax operating loss carryforwards and adjusted its valuation allowance to recognize the benefit of these previously unrecognized deferred tax assets and offset the deferred tax liability. Accordingly, the Company recognized a deferred tax recovery of \$3,215,418 on the Consolidated Statement of Operations and Comprehensive Loss for the year ended June 30, 2017.

Note 4. Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization with the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs that are both significant to the fair value measurement and unobservable.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Assets	Total	Fair Value at June 30, 2018			June 30, 2017
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 297,389	297,389	—	—	\$ 1,911,170

The Company's cash and cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The cash and cash equivalents that are valued based on quoted market prices in active markets are primarily comprised of commercial paper, short-term certificates of deposit and U.S. Treasury securities.

Note 5. Non-Cash Transactions

During the year ended June 30, 2018, the Company did not enter into any non-cash activities.

During the year ended June 30, 2017, the Company issued 7,171,163 shares of its common stock with a value of \$15,202,866 for the acquisition of Calico Resources Corp.

Note 6. Capital Stock

Authorized Capital

Authorized capital stock consists of 50,000,000 common shares with par value of \$0.01 per common share (2017- 50,000,000 common shares with par value \$0.01 per common share).

During the year-ended June 30, 2018, the Company issued 5,295,000 shares of its common stock. The issuance was a result of a public offering of 3,520,000 shares of common stock for gross proceeds of \$4.9 million and of a private placement of 1,775,000 shares of common stock for gross proceeds of \$2.5 million. Share issuance costs were \$0.79 million for net proceeds of \$6.6 million.

On February 14, 2017, the Company issued 2,090,000 units at \$1.75 per unit for aggregate gross proceeds of \$3,657,500 in a non-brokered private placement funding with accredited investors. Each unit consists of one share of common stock and one warrant to purchase one-half of a share of common stock. Each warrant will have a two-year term and is exercisable at the following exercise prices: in the first year at \$2.00 per share or in the second year at \$2.25 per share. As a result of the issuance of units, the Company recorded an increase in the additional paid in capital of \$3,532,256 which included a fair value for the warrants of \$473,658 at the time of the transaction.

At June 30, 2018 there were 23,074,954 common shares issued and outstanding (June 30, 2017 - 17,779,954 common shares).

Warrants

A summary of warrant activity as of June 30, 2018, and changes during year ended is presented below:

	Warrants	Weighted Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (\$)
Outstanding at July 1, 2017	1,045,000	\$ 2.13	1.67	—
Issued	—	—	—	—
Outstanding at June 30, 2018	1,045,000	\$ 2.13	.67	—

Stock Options and Stock Based Compensation

Paramount's 2015 and 2016 Stock Incentive and Compensation Plan, which is shareholder-approved, permits the grant of share options and shares to its employees for up to 1.569 million shares of common stock. Option awards are generally granted with an exercise price equal to the market price of Paramount's stock at the date of grant and have contractual lives of 5 years. To better align the interests of its key executives and employees with those of its shareholders a significant portion of those share option awards will vest contingent upon meeting certain stock price appreciation performance goals. Option and share awards provide for accelerated vesting if there is a change in control (as defined in the employee share option plan).

The fair value of option awards that have market conditions are estimated on the date of grant using a Monte-Carlo Simulation valuation model. The award's grant date fair value is determined by taking the average of the grant date fair values under each of many Monte Carlo trials. The key assumptions used in the simulations were as follows:

	2018	2017
Weighted average risk-free interest rate	0.00%	1.26%
Weighted-average volatility	0.00%	70.26%
Weighted average fair value	\$ —	\$ 1.22

The fair value of option awards that do not have market conditions are estimated on the date of grant using a Black-Scholes option valuation model that uses the assumptions noted in the following table. Because Black-Scholes option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Given Paramount's short history as a public company, expected volatilities are based on, historical volatilities from five proxy companies' stock. Paramount uses historical data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding; the range given below results from certain groups of employees exhibiting different behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	2018	2017
Weighted average risk-free interest rate	2.54%	1.26%
Weighted-average volatility	67.16%	70.26%
Expected dividends	0.00	0.00
Weighted average expected term (years)	5	5
Weighted average fair value	\$ 0.78	\$ 1.23

A summary of option activity under the Stock Incentive and Compensation Plan as of June 30, 2018, and changes during the year then ended is presented below.

Options	Shares	Weighted Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value (\$)
Outstanding at July 1, 2017	1,045,000	\$ 1.54	3.02	
Granted	523,995	1.37		
Exercised	—	—		
Forfeited or expired	—	—		
Outstanding at June 30, 2018	1,568,995	\$ 1.50	2.86	\$ —
Exercisable at June 30, 2018	1,011,666	\$ 1.54	1.95	\$ —

A summary of the status of Paramount's non-vested shares as of June 30, 2018 and changes during the year ended June 30, 2018 is presented below.

Nonvested Options	Shares	Weighted- Average Grant- Date Fair Value
Nonvested at July 1, 2017	33,334	\$ 1.23
Granted	523,995	0.78
Vested	—	—
Forfeited	—	—
Nonvested at June 30, 2018	557,329	\$ 0.79

As of June 30, 2018, there was \$330,071 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the employee share option plan. That cost is expected to be recognized over a weighted-average period of 1.7 years. The total fair value of shares vested during the years ended June 30, 2018 and 2017, was \$nil and \$6,800, respectively.

Note 7. Mineral Properties

The Company has capitalized acquisition costs on mineral properties as follows:

	June 30, 2018	June 30, 2017
Sleeper	\$ 25,674,658	\$ 25,674,658
Grassy Mountain	23,185,728	20,785,728
	<u>\$ 48,860,386</u>	<u>\$ 46,460,386</u>

Sleeper:

Sleeper is located in Humbolt County, Nevada approximately 26 miles northwest of the town of Winnemucca. The Sleeper Gold Mine consists of 2,322 unpatented mining claims totaling approximately 38,300 acres.

Grassy Mountain:

The Grassy Mountain Project is located in Malheur County, Oregon, approximately 22 miles south of Vale, Oregon, and roughly 70 miles west of Boise, Idaho. It consists of 418 unpatented lode claims, 3 patented lode claims, 9 mill site claims, 6 association placer claims, and various leased fee land surface and surface/mineral rights, all totaling approximately 9,300 acres.

During the year ended June 30, 2018, Paramount exercised its option to reduce the existing Net Smelter Royalty ("NSR") from 6% down to 1.5% and to acquire all rights to the private land at Grassy Mountain Project in Oregon for a total payment of \$2.4 million.

During the year ended June 30, 2017, the Company sold non-core mining claims and recorded a gain on its statement of operations and comprehensive loss of \$100,000.

Note 8. Reclamation and Environmental:

The Company holds an insurance policy which is in effect until 2033 related to its Sleeper Gold Project. The policy covers reclamation costs up to an aggregate of \$25 million in the event the Company's bond is insufficient to cover any mandated reclamation obligations.

As a part of its insurance program, the Company has funds in a commutation account which is used to reimburse reclamation costs and indemnity claims. The balance of the commutation account at June 30, 2018 is \$1,769,501 (June 30, 2017 - \$2,086,562).

Reclamation and environmental costs are based principally on legal requirements. Management estimates costs associated with reclamation of mineral properties and properties under mine closure. On an ongoing basis the Company evaluates its estimates and assumptions; however, actual amounts could differ from those based on estimates and assumptions.

The asset retirement obligation at the Sleeper Gold Project has been measured using the following variables: 1) Expected costs for earthwork, re-vegetation, in-pit water treatment, on-going monitoring, labor and management, 2) Inflation adjustment, and 3) Market risk premium. The sum of the expected costs by year is discounted using the Company's credit adjusted risk free interest rate from the time it expects to pay the retirement obligation to the time it incurs the obligation. The reclamation and environmental obligation recorded on the balance sheet is equal to the present value of the estimated costs.

The current undiscounted estimate of the reclamation costs for existing disturbances at the Sleeper Gold Project is \$3,835,050 as required by U.S Bureau of Land Management and the Nevada Department of Environmental Protection. Assumptions used to compute the asset retirement obligations for the year ended June 30, 2018 for the Sleeper Gold Project included a credit adjusted risk free rate and inflation rate of 9.76% (2016 – 9.76%) and 2.0% (2016 – 2.0%), respectively. Expenses are expected to be incurred between the years 2018 and 2056.

Changes to the Company's asset retirement obligations for the year ended June 30, 2018 are as follows:

	June 30, 2018	June 30, 2017
Balance at beginning of year	\$ 1,261,034	\$ 1,402,039
Accretion expense	150,736	137,288
Payments	(339,219)	(278,293)
Change in estimate of existing obligation	—	—
Balance at end of year	\$ 1,072,551	\$ 1,261,034

The balance of the asset retirement obligation of \$1,072,551 (2017 - \$1,261,034) is comprised of a current portion of \$101,593 (2017 - \$216,101) and a non-current portion of \$970,958 (2016 - \$1,044,933).

Note 9. Other Income

The Company's other income details were as follows:

	Year Ended 2018	Year Ended 2017
Re-imbursement of reclamation costs	\$ 339,219	\$ 275,365
Leasing of water rights to third party	5,413	5,306
Total	\$ 344,632	\$ 280,671

Note 10. Segmented Information

Segmented information has been compiled based on the material mineral properties in which the Company performs exploration activities.

Expenses and mineral property carrying values by material project for the year ended June 30, 2018:

	Exploration Expenses	Land Holding Costs	Mineral Properties As at June 30, 2018
Sleeper Gold Project	\$ 761,296	\$ 409,837	\$ 25,674,658
Grassy Mountain Project	3,461,316	109,745	23,185,728
	<u>\$ 4,222,612</u>	<u>\$ 519,582</u>	<u>\$ 48,860,386</u>

Expenses and mineral property carrying values by material project for the year ended June 30, 2017:

	Exploration Expenses	Land Holding Costs	Mineral Properties As at June 30, 2017
Sleeper Gold Project	\$ 557,631	\$ 423,876	\$ 25,674,658
Grassy Mountain Project	4,816,068	212,055	20,785,728
	<u>\$ 5,373,699</u>	<u>\$ 635,931</u>	<u>\$ 46,460,386</u>

Note 11. Income Taxes

At June 30, 2018, the Company has net operating loss carry forwards of \$38,295,657 (2017 - \$33,896,156) expiring between the years 2029 and 2037 which are available to reduce future taxable income. The tax effects of the significant components within the Company's deferred tax asset (liability) at June 30, 2018 and 2017 are as follows:

United States	2018	2017
Mineral properties	\$ 166,476	\$ (248,008)
Asset retirement obligation	225,236	428,572
Stock options	264,898	404,628
Net operating losses	8,042,088	9,826,149
	\$ 8,698,698	\$ 10,411,341
Valuation allowance	(8,698,698)	(10,411,341)
Net deferred tax asset	\$ —	\$ —

The income tax recovery differs from the amounts computed by applying statutory tax to pre-tax losses as a result of the following:

	2018	2017
Income (Loss) before taxes	\$ (6,068,154)	\$ (7,555,020)
US Statutory tax rate	21.00%	34.00%
Expected income tax (recovery)	(1,274,312)	(2,568,707)
Non-deductible items	78	171
Change in estimates	(1,609,037)	(1,866,223)
Change in tax rates	4,596,096	—
Change in valuation allowance	(1,712,825)	1,219,341
Total income taxes (recovery)	\$ —	\$ (3,215,418)
Current tax expense (recovery)	—	—
Deferred tax expense (recovery)	—	(3,215,418)
	\$ —	\$ —

The potential tax benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

Accounting for uncertainty for Income Tax

Income taxes are determined using assets and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

Effective July 1, 2009, the Company adopted the interpretation for accounting for uncertainty in income taxes which was an interpretation of the accounting standard accounting for income taxes. This interpretation created a single model to address accounting for uncertainty in tax positions. This interpretation clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

As at June 30, 2018 and 2017, the Company's consolidated balance sheets did not reflect a liability for uncertain tax positions, nor any accrued penalties or interest associated with income tax uncertainties. The Company is subject to income taxation at the federal and state levels. The Company is subject to US federal tax examinations for the tax years 2010 through 2017. Loss carryforwards generated or utilized in years earlier than 2010 are also subject to examination and adjustment. The Company has no income tax examinations in process.

Note 12. Summary of Quarterly Financial Data (Unaudited)

The following table sets forth a summary of the unaudited quarterly results of operations for the years ended June 30, 2018 and 2017:

2018	Q1	Q2	Q3	Q4
Revenue	\$ 85,548	\$ -	\$ 22,260	\$ 236,824
Net loss before other items	1,084,587	1,821,217	1,665,511	1,513,405
Net loss	1,082,719	1,818,890	1,658,748	1,507,797
Net loss per Common Share				
Basic	\$ 0.06	\$ 0.08	\$ 0.07	\$ 0.07
Diluted	\$ 0.06	\$ 0.08	\$ 0.07	\$ 0.07
2017	Q1	Q2	Q3	Q4
Revenue	\$ 5,306	\$ 40,599	\$ 237,694	\$ (2,928)
Net loss before other items	1,265,014	1,867,372	1,527,443	3,052,147
Net loss (income)	(1,953,496)	1,824,892	1,424,462	3,043,744
Net loss (income) per Common Share				
Basic	\$ (0.13)	\$ 0.12	\$ 0.09	\$ 0.19
Diluted	\$ (0.13)	\$ 0.12	\$ 0.09	\$ 0.19

Note 13. Commitments and Contingencies:***Lease Commitments***

The Company has office premises leases that expire at various dates until June 30, 2021. The aggregate minimum rentals payable for these operating leases are as follows:

Year	Total Amount
2019	\$ 10,152
2020	\$ 10,364
2021	\$ 10,575

During the year ended June 30, 2018, \$32,542 was recognized as rent expense in the statement of operations and comprehensive loss.

Note 14. Subsequent Events

Subsequent to the year-ended June 30, 2018, the Company issued 2,400,000 units at \$1.25 per unit for aggregate proceeds of \$3,000,000. Each unit consists of one share of common stock and one warrant to purchase one-half of a share of common stock. Each warrant will have a two-year term and will be exercisable at the following exercise prices: in the first year at \$1.30 per share and in the second year at \$1.50 per share.