UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 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)**	**98-0138393** **(I.R.S. Employer Identification No.)**
665 Anderson Street **Winnemucca, NV** **(Address of principal executive offices)**	**89445** **(Zip Code)**

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

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 every Interactive Data File required to be submitted 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 such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or 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 ☒

The number of shares of registrant's Common Stock outstanding, $0.01 par value per share, as of February 04, 2019 was 26,519,954.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

PARAMOUNT GOLD NEVADA CORP.
Condensed Consolidated Interim Balance Sheets
as at December 31, 2018 and June 30, 2018
(Unaudited)

	As at December 31, 2018	As at June 30, 2018
Assets		
Current Assets		
Cash and cash equivalents	$ 300,181	$ 297,389
Prepaid and deposits	532,206	244,125
Accounts receivable	—	16,292
Total Current Assets	832,387	557,806
Non-Current Assets		
Mineral properties (Note 6)	48,860,386	48,860,386
Property and equipment	7,608	8,927
Reclamation bond (Note7)	1,612,477	1,769,501
Total Non-Current Assets	50,480,471	50,638,814
Total Assets	$ 51,312,858	$ 51,196,620
Liabilities and Stockholders' Equity		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 595,741	$ 927,962
Reclamation and environmental obligation, current portion (Note 7)	101,593	101,593
Total Current Liabilities	697,334	1,029,555
Non-Current Liabilities		
Reclamation and environmental obligation, non-current portion (Note 7)	875,440	970,958
Total Liabilities	1,572,774	2,000,513
Stockholders' Equity		
Common stock, par value $0.01, 50,000,000 authorized shares, 25,474,954 issued and outstanding at December 31, 2018 and 23,074,954 issued and outstanding at June 30, 2018 (Note 5)	254,750	230,750
Additional paid in capital	93,704,690	90,695,497
Deficit	(44,219,356)	(41,730,140)
Total Stockholders' Equity	49,740,084	49,196,107
Total Liabilities and Stockholders' Equity	$ 51,312,858	$ 51,196,620

Subsequent Events: Note 11

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

PARAMOUNT GOLD NEVADA CORP.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
for the Three and Six Month Periods ended December 31, 2018 and 2017
(Unaudited)

	For the Three Month Period Ended December 31, 2018	For the Three Month Period Ended December 31, 2017	For the Six Month Period Ended December 31, 2018	For the Six Month Period Ended December 31, 2017
Revenue				
Other income (Note 8)	$ 79,269	$ —	$ 183,790	$ 85,548
Total Revenue	79,269	—	183,790	85,548
Expenses				
Exploration	838,354	1,307,160	1,307,212	1,954,072
Land holding costs	147,143	119,558	308,918	280,670
Professional fees	31,192	17,247	72,773	35,324
Salaries and benefits	237,190	142,995	485,555	285,916
Directors compensation	25,007	17,527	51,278	38,481
General and administrative	168,829	150,279	315,971	263,881
Insurance	32,573	27,829	64,427	55,765
Depreciation	660	938	1,319	1,876
Accretion (Note 7)	41,376	37,684	82,752	75,368
Total Expenses	1,522,324	1,821,217	2,690,205	2,991,353
Net Loss before Other Expense	1,443,055	1,821,217	2,506,415	2,905,805
Other Expense (Income)				
Interest income	(14,764)	(3,771)	(21,280)	(7,590)
Interest and service charges	2,032	1,444	4,081	3,394
Net Loss before Income Taxes	1,430,323	1,818,890	2,489,216	2,901,609
Income Taxes	—	—	—	—
Net Loss and Comprehensive Loss	$ 1,430,323	$ 1,818,890	$ 2,489,216	$ 2,901,609
Loss per Common Share				
Basic	$ 0.06	$ 0.08	$ 0.10	$ 0.14
Diluted	$ 0.06	$ 0.08	$ 0.10	$ 0.14
Weighted Average Number of Common Shares Used in Per Share Calculations				
Basic	25,474,954	22,384,302	25,331,476	20,082,128
Diluted	25,474,954	22,384,302	25,331,476	20,082,128

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

PARAMOUNT GOLD NEVADA CORP.

Condensed Consolidated Interim Statements of Stockholders' Equity
for the Three Month Periods Ended September 30, 2018 and December 31, 2018 and Years ended June 30, 2018 and 2017
(Unaudited)

	Shares (#)	Common Stock	Additional Paid-In Capital	Deficit	Total Stockholders' Equity
Balance at June 30, 2017	**17,779,954**	**$ 177,800**	**$84,050,214**	**$(35,661,986)**	**$ 48,566,028**
Stock based compensation	—	—	71,335	—	71,335
Capital issued for financing (Note 5)	5,295,000	52,950	6,573,948	—	6,626,898
Net loss	—	—	—	(6,068,154)	(6,068,154)
Balance at June 30, 2018	**23,074,954**	**$ 230,750**	**$90,695,497**	**$(41,730,140)**	**$ 49,196,107**
Stock based compensation	—	—	61,793	—	61,793
Capital issued for financing (Note 5)	2,400,000	24,000	2,887,286	—	2,911,286
Net loss	—	—	—	(1,058,893)	(1,058,893)
Balance at September 30, 2018	**25,474,954**	**$ 254,750**	**$93,644,576**	**$(42,789,033)**	**$ 51,110,293**
Stock based compensation	—	—	60,114	—	60,114
Net loss	—	—	—	(1,430,323)	(1,430,323)
Balance at December 31, 2018	**25,474,954**	**$ 254,750**	**$93,704,690**	**$(44,219,356)**	**$ 49,740,084**

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

PARAMOUNT GOLD NEVADA CORP.
Condensed Consolidated Interim Statements of Cash Flows
for the Six Month Periods ended December 31, 2018 and 2017
(Unaudited)

	For the Six Month Period Ended December 31, 2018	For the Six Month Period Ended December 31, 2017
Net Income (Loss)	$ (2,489,216)	$ (2,901,609)
Adjustment for:		
Depreciation	1,319	1,876
Stock based compensation	121,907	8,480
Accretion expense (Note 7)	82,752	75,368
Interest earned on reclamation bond	(21,246)	(7,581)
(Increase) decrease in accounts receivable	16,292	—
(Increase) decrease in other assets	—	(197,988)
(Increase) decrease in prepaid expenses	(288,081)	(176,144)
Increase (decrease) in accounts payable	(332,221)	(311,458)
Cash used in operating activities	(2,908,494)	(3,509,056)
Cash used in investing activities	—	—
Capital issued for financing (Note 5)	2,911,286	6,824,886
Cash provided by financing activities	2,911,286	6,824,886
Change in cash during period	2,792	3,315,830
Cash at beginning of period	297,389	1,911,170
Cash at end of period	$ 300,181	$ 5,227,000

The accompanying notes are an integral part of these condensed consolidated interim 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 unaudited condensed consolidated interim financial statements are prepared by management in accordance with accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. In the opinion of management, all the normal and recurring adjustments necessary to fairly present the interim financial information set forth herein have been included. The results of operations for interim periods are not necessarily indicative of the operating results of a full year or future years.

The condensed consolidated interim financial statements have been prepared on an accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (" U.S. GAAP") and follow the same accounting policies and methods of their application as the most recent annual financial statements. 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. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended June 30, 2018.

The Company has conducted a subsequent events review through the date the financial statements were issued, and has concluded that there were no subsequent events requiring adjustments or additional disclosures to the Company's financial statements at December 31, 2018 except as disclosed in Note 11.

Use of Estimates

The preparation of these interim condensed 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 condensed consolidated interim 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 condensed consolidated interim financial statements include the adequacy of the Company's asset retirement obligations, valuation of deferred tax assets and liabilities, and valuation of mineral properties.

Cash and Cash Equivalents

All highly liquid cash equivalent 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 amounts receivable. The Company maintains cash and cash equivalents in accounts which may, at times, exceed federally insured limits. At December 31, 2018, the Company had $nil balances 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). 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 ore 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 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 7.

Loss/Income per Common Share

Basic loss/income 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 or income 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 three and six month periods ended December 31, 2018, 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 those periods.

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.

Note 2. Recent Accounting Guidance

In May 2017, the FASB issued ASU 2017-09, "Compensation - Stock Compensation". The update provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in ASC Topic 718. An entity shall account for the effects of a modification described in ASC paragraphs 718-20-35-3 through 35-9, unless all the following are met: (1) The fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified; (2) The vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified; and (3) The classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. The provisions of this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. The Company's adoption of this guidance on July 1, 2018 did not have a material impact on the Company's consolidated results of operations, financial position and related disclosures.

In June 2018, the FASB issued ASU No. 2018-07 "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity - Equity-Based Payments to Non-Employees. The guidance is effective for public companies for fiscal years, and interim fiscal periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers. The Company is assessing ASU 2018-07 and does not expect it to have a material impact on its accounting and disclosures.

Note 3. 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.

		Fair Value at December 31, 2018			June 30, 2018
Assets	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 300,181	300,181	—	—	$ 297,389

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 4. Non-Cash Transactions

During the three month and six month periods ended December 31, 2018 and 2017, the Company did not enter into any material non-cash activities.

Note 5. Capital Stock

Authorized Capital

Authorized capital stock consists of 50,000,000 common shares with par value of $0.01 per common share (June 30, 2018 – 50,000,000 common shares with par value $0.01 per common share).

During the six-month period ended December 31, 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.

At December 31, 2018 there were 25,474,954 common shares issued and outstanding (June 30, 2018 - 23,074,954 common shares).

Warrants

A summary of warrants exercisable into common stock activity as of December 31, 2018, and changes during the six month period ended is presented below:

	Warrants	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($)
Outstanding at July 1, 2018	1,045,000	$ 2.13	0.12	—
Issued	1,200,000	1.40	1.53	—
Outstanding at December 31, 2018	2,245,000	$ 1.74	0.87	—

Stock Options and Stock Based Compensation

Paramount's 2015 and 2016 Stock Incentive and Compensation Plans, which are stockholder-approved, permits the grant of stock options and stock to its employees for up to 1.569 million shares of common stock. In December 2018, the Company's stockholders approved an increase of 0.6 million stock options and stock available to be granted to its employees under the 2016 Stock Incentive and Compensation Plan. 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 stockholders, a significant portion of those stock option awards will vest contingent upon meeting certain stock price appreciation performance goals. Option and stock awards provide for accelerated vesting if there is a change in control (as defined in the employee stock option plan).

During the three and six month periods ending December 31, 2018, the Company did not grant any stock options.

A summary of option activity under the Stock Incentive and Compensation Plan as of December 31, 2018, and changes during the six month period ended is presented below.

Options	Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2018	1,568,995	$ 1.50	3.02	$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited or expired	—	—	—	—
Outstanding at December 31, 2018	1,568,995	$ 1.50	2.44	$ —
Exercisable at December 31, 2018	1,011,666	$ 1.54	1.52	$ —

A summary of the status of Paramount's non-vested options as of July 1, 2018 and changes during the six month period ended December 31, 2018 is presented below.

Non-vested Options	Options	Weighted-Average Grant-Date Fair Value
Non-vested at July 1, 2018	557,329	$ 1.23
Granted	—	—
Vested	—	—
Forfeited	—	—
Non-vested at December 31, 2018	557,329	$ 1.23

As of December 31, 2018, there was $217,624 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the employee share option plan. That cost is expected to be recognized over a weighted-average period of 1.42 years. The total fair value of share based compensation arrangements vested during the six month period ended December 31, 2018 and 2017, was $nil and $nil, respectively.

Note 6. Mineral Properties

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

	December 31, 2018	June 30, 2018
Sleeper	$ 25,674,658	$ 25,674,658
Grassy Mountain	23,185,728	23,185,728
	$ 48,860,386	$ 48,860,386

Sleeper:

Sleeper is located in Humboldt 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.

Note 7. 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 policy, 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 December 31, 2018 is $1,612,477 (June 30, 2018 - $1,769,501).

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 the U.S Bureau of Land Management and the Nevada Department of Environmental Protection. Assumptions used to compute the asset retirement obligations as at December 31, 2018 and June 30, 2018 for the Sleeper Gold Project included a credit adjusted risk free rate and inflation rate of 9.76% (December 31, 2018– 9.76%) and 2.0% (June 30, 2018 – 2.0%), respectively. Expenses are expected to be incurred between the years 2019 and 2056.

Changes to the Company's asset retirement obligations for the six-month period ended December 31, 2018 and the year ended June 30, 2018 are as follows:

	Six Month Period 2018	Year Ended June 30, 2018
Balance at beginning of period	$ 1,072,551	$ 1,261,034
Accretion expense	82,752	150,736
Payments	(178,270)	(339,219)
Change in estimate of existing obligation	—	—
Balance at end of period	$ 977,033	$ 1,072,551

The balance of the asset retirement obligation of $977,033 (June 30, 2018 -$1,072,551) is comprised of a current portion of $101,593 (June 30, 2018 -$101,593) and a non-current portion of $875,440 (June 30, 2018 -$970,958).

Note 8. Other Income

The Company's other income details for the six-month periods ended December 31, 2018 and 2017 were as follows:

	Six Month Period 2018	Six Month Period 2017
Re-imbursement of reclamation costs	$ 178,270	$ 80,145
Leasing of water rights to third party	5,520	5,403
Total	$ 183,790	$ 85,548

Note 9. 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 six-month period ended December 31, 2018:

	Exploration Expenses	Land Holding Costs	Mineral Properties As at December 31, 2018
Sleeper Gold Project	$ 457,241	$ 208,435	$ 25,674,658
Grassy Mountain Project	849,971	100,483	23,185,728
	$ 1,307,212	$ 308,918	$ 48,860,386

Expenses for the six-month period ended December 31, 2017 and mineral property carrying values as at June 30, 2018 by material project:

	Exploration Expenses	Land Holding Costs	Mineral Properties As at June 30, 2018
Sleeper Gold Project	$ 320,606	$ 208,359	$ 25,674,658
Grassy Mountain Project	1,633,466	72,311	23,185,728
	$ 1,954,072	$ 280,670	$ 48,860,386

Note 10. Commitments and Contingencies:

Lease Commitments

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

Year	Total Amount
2019	$ 5,076
2020	$ 10,364
2021	$ 10,575

During the six month period ended December 31, 2018, $26,019 was recognized as rent expense in the statement of operations and comprehensive loss/income.

Other Commitments

During the three months ended December 31, 2018, Paramount entered into an agreement to acquire 44 mining claims ("Cryla Claims") covering 589 acres located immediately to the west of the proposed Grassy Mountain site from Cryla LLC. Paramount will make annual lease payments of $40,000 per year the first two years of the lease term and $60,000 per year thereafter with an option to purchase the Cryla Claims for $560,000 at any time. The term of the agreement is 25 years. In the event Paramount exercises its option to acquire the Cryla Claims, all annual payments shall be credited against a production royalty that will be based a prevailing price of the metals produced from the Cryla Claims. The royalty rate ranges between 2% and 4% based on the daily price of gold. The agreement with Cryla can be terminated by Paramount at any time. The Cryla Claims are without known mineral reserves and there is no current exploratory work being performed.

During the three months ended December 31, 2018, Paramount entered into an agreement with Nevada Select Royalty ("Nevada Select") to purchase 100% in the Frost Project, which consists of 40 mining claims located approximately 12 miles west of its Grassy Mountain Project. A total consideration of $250,000 payable to Nevada Select will be based on certain events over time. Nevada Select will retain a 2% NSR on the Frost Claims and Paramount has the right to reduce the NSR to 1% for a payment of $1 million. The Frost Claims are without known mineral reserves.

Note 11. Subsequent Events:

Subsequent to the period end, the Company's 1,045,000 warrants that were issued and outstanding with an exercise price of $2.25 and an expiry date of February 13, 2019 were repriced by the Company to an exercise price of $0.93. As result of the repricing, 1,045,000 warrants were exercised and shares of common stock were issued for gross proceeds of $971,850.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements in this Quarterly Report on Form 10-Q ("Form 10-Q") constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give the Company's current expectations and forecasts of future events. All statements other than statements of current or historical fact contained in this quarterly report, including statements regarding the Company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "plan," and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements are based on the Company's current plans, and the Company's actual future activities and results of operations may be materially different from those set forth in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. Any or all of the forward-looking statements in this quarterly report may turn out to be inaccurate. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. The forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and assumptions. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Form 10-Q, and in the risk factors on Form 10-K that was filed with the U.S. Securities and Exchange Commission (SEC) on September 11, 2018. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

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 have the goal 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 three and six months ended December 31, 2018 and compares these results to the results of the prior year three and six months ended December 31, 2017.

Operating Highlights:

During the three months ended December 31, 2018, Paramount entered into an agreement with Cryla LLC ("Cryla") that gives the Company the right to acquire 44 mining claims covering 580 acres located immediately to the west of the proposed Grassy Mountain Project. Paramount will make annual lease payments to Cryla and following year three of the agreement, Paramount has the right to purchase the claims for a cash payment of $560,000. If purchased Cryla will maintain a production Net Smelter Royalty ("NSR") based on the prevailing price of gold. Paramount has the right to reduce the NSR to 1% for a payment of $800,000.

During the three months ended December 31, 2018, Paramount entered into an agreement with Nevada Select Royalty ("Nevada Select") to purchase 100% in the Frost Project, which consists of 40 mining claims located approximately 12 miles west of its Grassy Mountain Project. A total consideration of $250,000 payable to Nevada Select will be based on certain events over time. Nevada Select will retain a 2% NSR on the Frost Claims and Paramount has the right to reduce the NSR to 1% for a payment of $1 million.

During the three months ended December 31, 2018, Paramount completed an airborne helicopter magnetic and radiometric survey that was conducted over the entire Grassy Mountain Project to map structures and magnetic anomalies. The survey data was integrated with previously completed surface geochemistry, mapping and resistivity data to assist in defining future drilling targets.

During the six months ended December 31, 2018, we continued to receive acceptances from the Oregon Department of Geology and Mineral Industries ("DOGAMI") of submitted baseline environmental reports, bringing the total to 14 reports accepted by the appropriate state agencies. These baseline reports are required for permitting the Company's 100%-owned Grassy Mountain gold project in eastern Oregon.

During the six months ended December 31, 2018, the Company issued 2,400,000 units at $1.25 per unit for gross 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.

Outlook and Plan of Operation:

We believe that investors will gain a better understanding of the Company if they understand how we measure and talk about our results. As an exploration and development company, we do not generate cash flow from our operations. We recognize the importance of managing our liquidity and capital resources. We pay close attention to all 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:

Grassy Mountain Project:

Paramount expects to submit a consolidated mining permit with the State of Oregon. In order to submit the application, the Company will be required to receive the acceptance 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.

Sleeper Gold Project:

The Company is expected to focus its efforts on 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 million to other general and administration expenses. All reclamation expenses are reimbursed by an in place insurance program.

Comparison of Operating Results for the three and six months ended December 31, 2018 and 2017

Results of Operations

We did not earn any revenue from mining operations for the three and six months ended December 31, 2018 and 2017. During the six month period ended December 31, 2018, our main focus was to complete activities that will allow us to submit a consolidated mining permit with the State of Oregon for our Grassy Mountain project. This included initiating or completing detailed mine design required to satisfy permit application requirements. We also completed the first phase of the exploration program at Grassy Mountain which consisted of a helicopter magnetic and radiometric survey conducted over the entire 9,300 acre claim area mapping structures and magnetics. We also initiated the drilling of deep monitoring wells at Grassy Mountain and we filed a Plan of Operation with the BLM. Other normal course of business activities including 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 before income taxes for the three months ended December 31, 2018 was $1,430,323 compared to a net loss before income taxes of $1,818,890 in the previous year. The decrease in net loss before income taxes of 21% is fully described below.

Our net loss before income taxes for the six months ended December 31, 2018 was $2,489,216 compared to a loss before income taxes of $2,901,609 in the previous year. The decrease of $412,393 or 14% of net loss before income taxes is fully described below.

The Company expects to incur losses for the foreseeable future as we continue with our planned exploration programs.

Expenses

Exploration and Land Holding Costs

For the three months ended December 31, 2018, exploration expenses were $838,354 compared to $1,307,160 in the prior year comparable period. This represents a decrease of 36% or $468,806. During the three-month period ended December 31, 2018, the Company continued developing mine design plans required to satisfy permit application requirements at the Grassy Mountain Project. Paramount completed a helicopter magnetic and radiometric survey that was conducted over the entire Grassy Mountain Project to map structures and magnetic anomalies. Also included were expenses related to the permitting activities in the state of Oregon. Total exploration expenses at the Grassy Mountain Project during the three-month period were $535,595.

For the three months ended December 31, 2018, land holding costs were $147,143 compared to $119,558 in the prior year comparable period. The increase is a result of new mining claims we leased in Oregon from third parties.

For the six months ended December 31, 2018, exploration expenses were $1,307,212 compared to $1,954,072 in the prior year comparable period. This represents a decrease of $646,860 or 33%. During the current six month period, the Company completed a helicopter magnetic and radiometric survey that was conducted over the entire Grassy Mountain Project to map structures and magnetic anomalies. The Company continued developing mine design plans required to satisfy permit application requirements and other activities to advance permitting at the Grassy Mountain Project. Total exploration expenses at the Grassy Mountain Project during the six-month period were $849,971.

For the six-month ended December 31, 2018, land holding costs increased by 10% or by $28,248 from the prior year comparable period. The increase is a result of new mining claims we leased in Oregon from third parties.

Salaries and Benefits

For the three months ended December 31, 2018, salary and benefits increased by 66% or by $94,195 to $237,190 from the prior year's three months ended December 31, 2017. Salary and benefits is comprised of cash and stock based compensation of the Company's executive and corporate administration teams. The increase primarily reflects cash and stock-based compensation for the Company's Executive Chairman who was appointed and hired by the Company at the year ended June 30, 2018. Included in the salary and benefits expense amount for the three months ended December 31, 2018 and 2017 was a non-cash stock-based compensation of $43,111 and $nil, respectively.

For the six-month period ended December 31, 2018, salary and benefits increased by 70% or by $199,639 from the prior year's six months ended December 31, 2017. The increase primarily reflects the cash and stocked based compensation for the Company's Executive Chairman who was appointed and hired by the Company at the year ended June 30, 2018. Included in the salary and benefits expense amount for the six months ended December 31, 2018 and 2017 was a non-cash stock based compensation of $16,052 and $60,862, respectively.

Directors' Compensation

For the three months ended December 31, 2018, directors' compensation increased by 43% or by $7,480 from the prior year's three months ended December 31, 2017. Directors' compensation consists of cash and stock-based compensation of the Company's board of directors. The increase reflects the stock-based compensation recorded in the current quarter.

For the six months ended December 31, 2018, directors' compensation increased by 33% or by $12,797 from the prior year's six months ended December 31, 2017. Directors' compensation consists of cash and stock-based compensation of the Company's board of directors. The increase reflects the stock-based compensation recorded in the current six month period ended December 31, 2018.

Professional Fees and General and Administration

For the three-month period ended December 31, 2018, professional fees were $31,192 compared to $17,247 in the prior year's comparable period. This represents an increase of 81% or $13,945. In the current quarter the Company incurred one-time legal and advisory fees related to permitting its Grassy Mountain Project.

For the three-month period ended December 31, 2018, general and administration expenses increased by 12% to $168,829 from $150,279 in the prior year comparable period. This increase was a result of higher travel, marketing and general and administration costs incurred by the Company.

For the six months ended December 31, 2018, professional fees were $ 72,773 compared to $35,324 in the prior year's comparable period. This represents an increase of 106% or $37,449. In the current six months ended December 31, 2018, the Company incurred one-time legal and advisory fees related to permitting its Grassy Mountain Project.

For the six months period ended December 31, 2018, general and administration expenses increased by 20% to $315,971 from $263,881 in the prior year comparable period. This increase was a result of higher travel, marketing and general and administration costs incurred by the Company.

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 December 31, 2018, we had cash and cash equivalents of $300,181 compared to $297,389 as at June 30, 2018. During the six months ended December 31, 2018, the Company issued 2,400,000 units at $1.25 per unit for net proceeds of $2,911,286. 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 main uses of cash comprised of the following material amounts:

- Cash used in operating activities which included general and administration expenses, land holding costs, exploration programs at our Grassy Mountain and Sleeper Gold Projects and reclamation activities of $2,908,494

We anticipate our operating expenditures for the remainder of the fiscal year ending June 30, 2019 to be as follows:

- $1.0 million on corporate administration expenses (expenses include executive management and employee salaries, legal, audit, marketing and other general and administrative expenses)

- $0.2 million on the Sleeper Gold Project (expenses include reclamation costs, employee salary and benefits, and land holding costs)

- $2.8 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)

Subsequent to the period end, the Company's 1,045,000 warrants that were issued and outstanding with an exercise price of $2.25 and an expiry date of February 13, 2019 were repriced by the Company to an exercise price of $0.93. As result of the repricing, 1,045,000 warrants were exercised and shares of common stock were issued for gross proceeds of $971,850.

Our anticipated expenditures will be funded by our cash on hand and by other capital resources. Historically, we and other similar exploration and development public companies have accessed capital through equity financing arrangements or by the sale of royalties on its mineral properties. If, however we are unable to obtain additional capital or financing, our exploration and development activities will be significantly adversely affected.

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.

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 a 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 expenses as incurred.

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 option 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. There were no options issued in the three or six month periods ended December 31, 2018.

Use of 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, long-lived assets and asset retirement obligations. 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.

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 3. 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 US 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 4. Controls and Procedures.

a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and determined that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q. The evaluation considered the procedures designed to ensure that the information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

During the period covered by this Quarterly Report on Form 10-Q, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 13d-15(d) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(c) Inherent Limitations of Disclosure Controls and Internal Controls over Financial Reporting

Because of its inherent limitations, disclosure controls and internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation or effectiveness to future periods are subject to risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II – OTHER INFORMATION

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for year ended June 30, 2018.

Item 4. Mine Safety Disclosures.

Not applicable.

PART IV

Item 6. Exhibits.

(a) Index to Exhibits

Exhibit Number	Description
31.1*	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.
31.2*	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.
32.1*	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.
32.2*	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.
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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Company Name

Date: February 7, 2019

By: /s/ Glen Van Treek

Glen Van Treek

President and Chief Executive Officer

Date: February 7, 2019

By: /s/ Carlo Buffone

Carlo Buffone

Chief Financial Officer