

**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, 2021

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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 Par Value Per Share	PZG	NYSE American

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 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, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Small reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on the NYSE American LLC on December 31, 2020, was \$40,466,768.

The number of shares of Registrant's Common Stock outstanding as of September 15, 2021 was 40,512,735.

Portions of the Registrant's Definitive Proxy Statement relating to the Annual Meeting of Shareholders (the "2021 Proxy Statement") are incorporated by reference into Part III of this Report where indicated. The 2021 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, SiO<sub>2</sub> (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 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 Mountain”), 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.

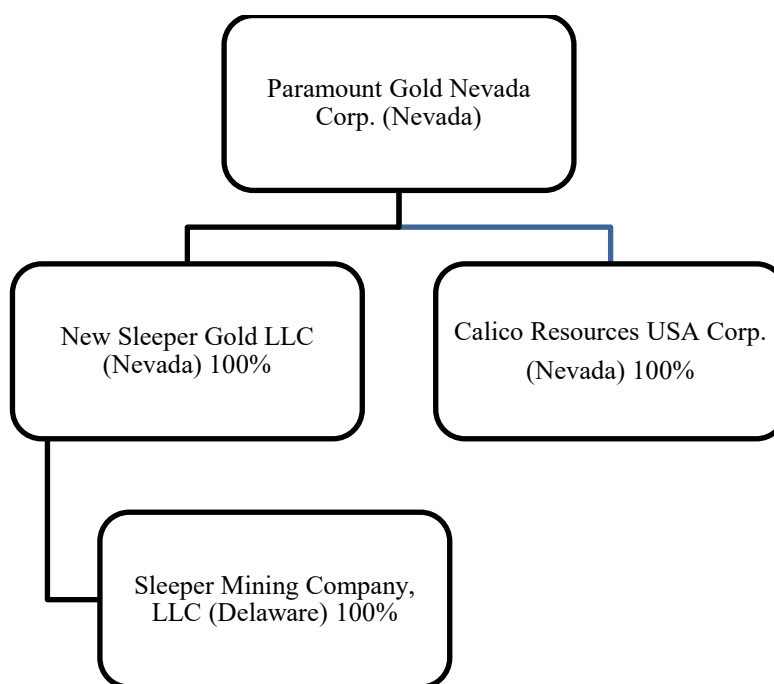
### **INTER-CORPORATE RELATIONSHIPS**

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 \$165 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 of \$165.00 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	2,510	\$ 423,885	\$ 30,729	\$ 454,614
Grassy Mountain Project and Other Oregon Claims	548	\$ 90,420	\$ 3,093	\$ 93,513
Total Annual Payment to Maintain Mining Claims				<u>\$ 548,127</u>

*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.

## EMPLOYEES

As of June 30, 2021, we employed seven full-time employees and one consultant.

## 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 others provided in this Annual Report on Form 10-K and in our other public disclosures. 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, 2021 totaled \$5,903,618. 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 and development budget will be approximately up to \$3.94 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. We have posted a bond in the amount of the estimated reclamation obligation at the Sleeper Gold Project and the Grassy Mountain Project. At the Sleeper Gold Project, we are required to submit a mine closure plan to the every three years. Based on a review by the BLM of our mine closure plan that Paramount submitted in July 2020, 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.

***The COVID-19 pandemic has adversely impacted our business and may negatively impact our financial results in the future, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.***

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities. As a result, our ability to continue with our planned activities may be significantly impacted, which could adversely affect the timing of completing our development programs which include the federal and state permitting of our Grassy Mountain Project in eastern Oregon. Furthermore, our business operations may also be disrupted if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic. The extent to which the COVID-19 pandemic impacts our business, results of operations, and financial condition, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

***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.

## **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 may depress our stock price.***

The exercise of outstanding options 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.

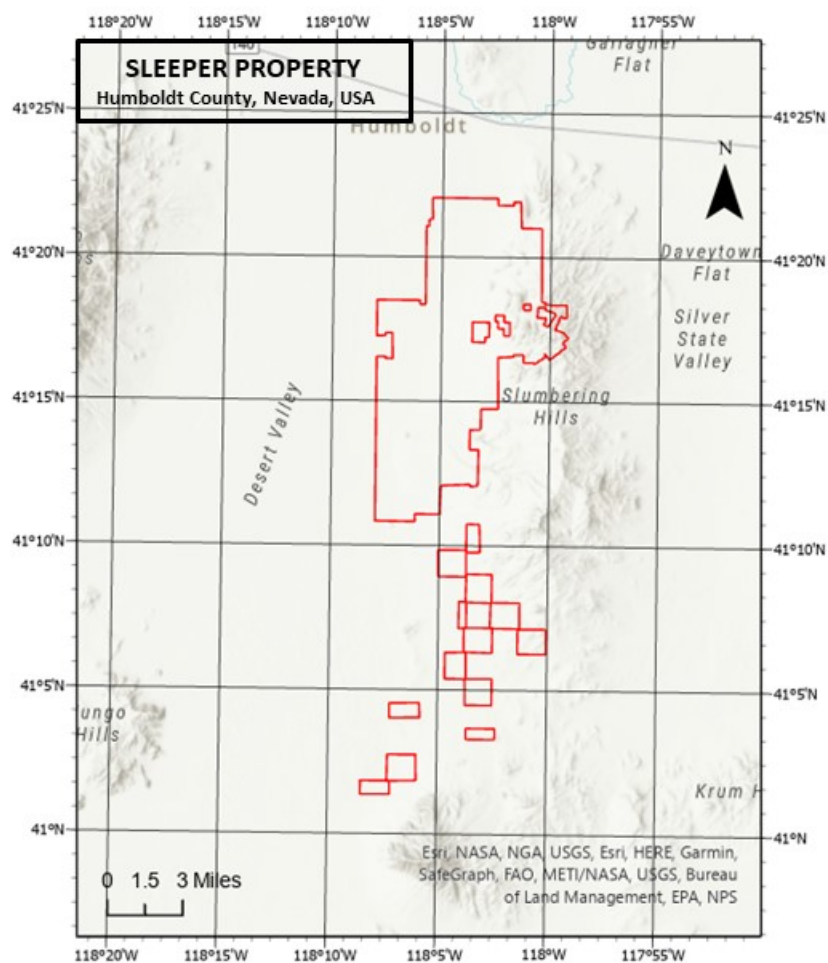
#### *Mining Claims*

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:

<b>The Sleeper Gold Project Properties</b>	<b>Claims</b>	<b>Approx sq. miles</b>
Sleeper Gold Mine	1,044	34
Dunes	394	13
Mimi	884	29
South Sleeper	152	5
Total	<u>2,472</u>	<u>81</u>

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



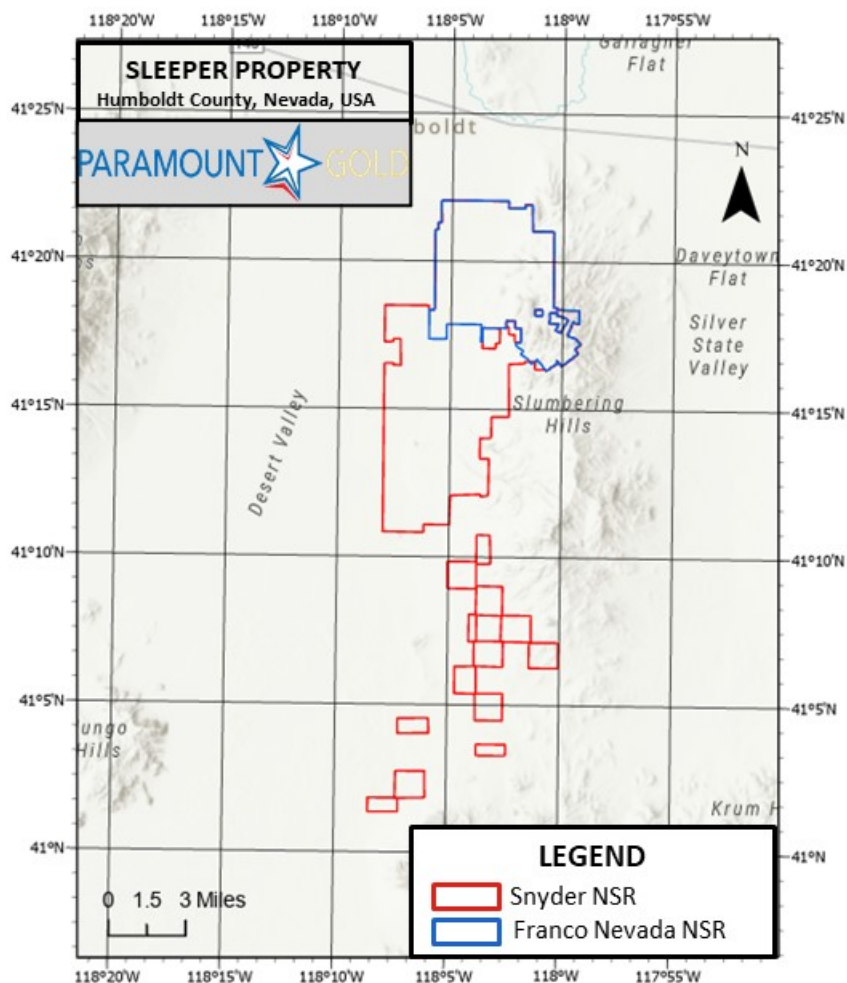
*Property Agreements and Royalty Obligations:*

The Snyder Syndicate, a private company, holds a one percent (1%) net smelter return royalty on the 1,044 Sleeper Gold mine claims in a mining scenario.

Franco-Nevada U.S. Corporation (“Franco”), holds a two percent (2%) net smelter return royalty on minerals produced from 2,474 mining claims at the Sleeper Gold Project.



The following map illustrates the claims subject to the royalty:



### *History of Previous Operations*

The Sleepers Gold Project includes a historic open pit mine (the “Sleepers 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 Sleepers Gold Project*

PGSC conducted its first exploration program at the Sleepers 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 were 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 expenses 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.

The 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.

In April, 2021, we purchased 152 unpatented lode claims from South Sleeper Resources LLC for a total consideration of \$365,441. The claims are located approximately 2 miles south of past producing Sleeper Gold Mine. The purchased claims carry a mineral production royalty based on a Net Smelter Returns (“NSR”) of one percent (1%). The purchased claims are without known mineral reserves.

### *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.

### *Reclamation*

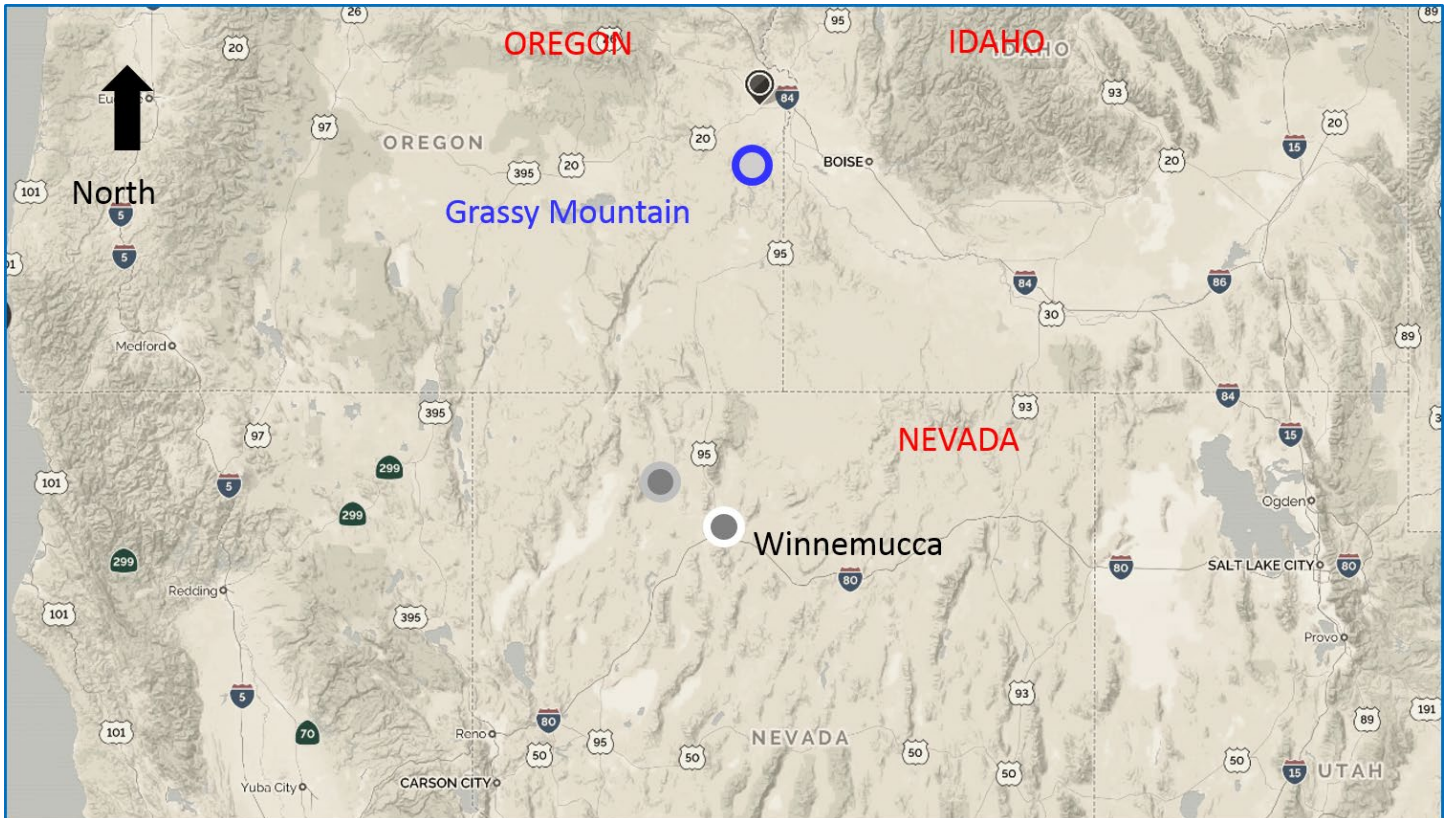
Paramount is responsible for managing the reclamation activities from the previous mine operations at the Sleeper Gold Mine as directed by the BLM and the Nevada State Department of Environmental Protection. Under the filed BLM Plan of Operations (“PoO”) and reclamation permit a surety bond in the amount of \$4,010,403 has been posted as financial security to ensure that required reclamation activities are fulfilled. The surety bond for the Sleeper mine reclamation activities forms a part of the Company’s comprehensive insurance program. The insurance policy, which is in effect until 2033, covers reclamation costs up to an aggregate of \$25 million. The Company periodically submits updates to its Reclamation Cost Estimate (“RCE”) to the BLM to account for completed reclamation work or new reclamation requirements. As of September 2020, the Company’s RCE submitted in October 2019 was accepted by the BLM and the posted surety bond was deemed sufficient. The Company expects to file a revised RCE in the second half of 2021 with the BLM. The revised RCE will incorporate the significant reclamation work that has been completed by the Company over the past several years.

In addition to the BLM reclamation requirements, the Company is required to satisfy the State of Nevada’s reclamation requirements under various permits it holds for the Sleeper Gold Project.

## 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 442 unpatented lode claims and 3 patented lode claims 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.



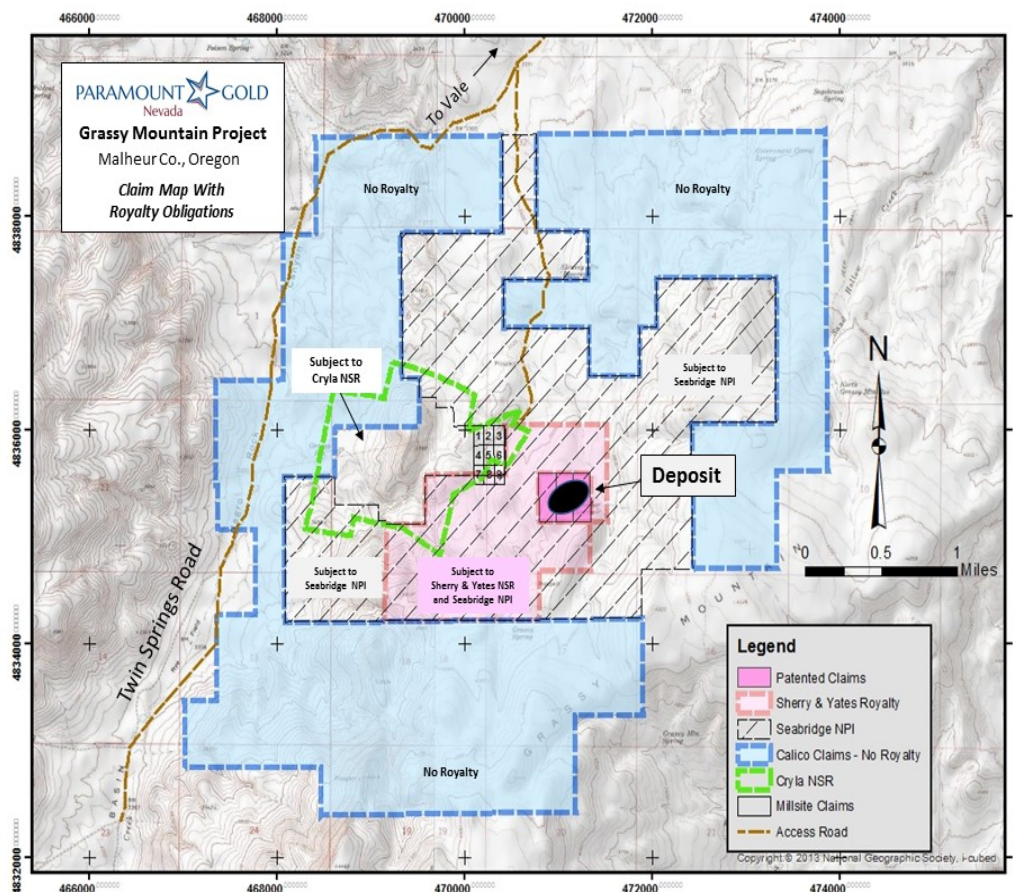
### Power and Water

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.

## *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 2016. Drilling was commenced in late November 2016 and was completed in June 2016..

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, and will 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 costs 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.

In November 2019, Paramount submitted its Consolidated Permit Application (“CPA”) to DOGAMI to enable the Company to build and operate its proposed, high grade underground gold mine located in Malheur County. The Application was reviewed by the DOGAMI and cooperating agencies for completeness. As part of this process, the permitting agencies have provided Paramount with a list of supplemental information and recommendations required to submit a modified CPA. Paramount, the DOGAMI and the permitting agencies will continue to work together to discuss the additional information requested, ensuring the submission of a complete modified CPA which will trigger the 225 day maximum permit evaluation process, upon which draft permits are issued.

In February 2020, the Company submitted a revised Plan of Operation (the “PoO”) to the Federal Bureau of Land Management (“BLM”) outlining the Company’s plans to build and operate the proposed Grassy Mountain underground gold mine. The BLM has reviewed the PoO for completeness and has provided the Company with comments to address. The BLM has previously reviewed 19 of the baseline data reports (“BDRs”) and their requests for clarifications have all been addressed. The BLM will register a Notice of Intent (the “Notice”) in the Federal Register once the application is deemed complete. The Notice initiates the Environmental Impact Statement (“EIS”) process under the National Environmental Policy Act.

In July 2020, the Company announced that the Oregon Water Resource Department (“OWRD”) had reviewed and approved the plans and specifications for the tailings dam proposed for the Grassy Mountain mine and stated that from a safety perspective the plans are construction ready. The OWRD reviewed the data within the Consolidated Permit Application which Paramount submitted in November 2019 and which included all tailings design drawings, safety analysis, field data collected and laboratory testing. The OWRD and its engineering team are required to review and evaluate the data and design, classify the hazard level (high, significant, or low hazard rating) and evaluate readiness for construction from a dam safety perspective. Considering the project’s remote geographic location, low population density, arid nature with no rivers or permanent streams in close proximity, seismic analysis and all other data compiled, OWRD has rated the dam as low hazard, its lowest risk level. The approval for construction is valid for 5 years with extensions possible on request.

In September 2020, we announced the results of a Canadian NI 43-101 Feasibility Study (“FS”) for our Grassy Mountain Project. The FS was completed by a group of industry leading consulting firms led by Ausenco Engineering Canada Inc. (“Ausenco”) who managed the overall study and were responsible for processing and infrastructure design and oversaw metallurgical testing; Mine Development Associates (“MDA”) who updated the mineral resource estimate and completed the mine planning and reserves estimation; Golder Associates designed the tailings storage facility; and EM Strategies oversaw the environmental aspects of the FS.

This mining scenario in the FS results in an average annual production of 47,000 ounces of gold and 55,000 ounces of silver for eight years. The metal prices used for the economic analysis includes \$1,472 per ounce of gold sold and \$16.64 per ounce of silver sold. The life of mine average cash operating costs are estimated to be \$583 per gold ounce including silver revenues as by product credit and the total initial capital requirements are estimated to be \$97.5 million resulting in a net present value of \$105 million using a 5% discount rate. There can be no assurance that the foregoing scenario can be achieved, or if achieved, that it would generate the anticipated economic return. In October, 2020, we filed the completed FS on SEDAR as required by Canadian securities laws.

### *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 arsenic, antimony, and mercury.

### **Other Non-Material Properties**

#### ***NEVADA***

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.

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

#### ***OREGON***

In October 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 NSR based on the prevailing price of gold. Paramount has the right to reduce the NSR from 2% to 1% for a payment of \$800,000.

In November 2018, Paramount entered into an agreement with Nevada Select Royalty (“Nevada Select”) to purchase 100% interest 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.

### **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, 2021		
First Quarter	\$ 1.48	\$ 1.05
Second Quarter	\$ 1.30	\$ 0.96
Third Quarter	\$ 1.59	\$ 0.98
Fourth Quarter	\$ 1.10	\$ 0.96
Year Ended June 30, 2020		
First Quarter	\$ 1.04	\$ 0.66
Second Quarter	\$ 0.85	\$ 0.64
Third Quarter	\$ 1.03	\$ 0.47
Fourth Quarter	\$ 1.38	\$ 0.55

#### HOLDERS

As of September 7 2021, there were 162 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

In April 2021, we purchased the South Sleeper Claims. A portion of the purchase price was paid by the issuance of 257,353 shares of our common stock to the sellers thereof in issuing the foregoing securities, we relied on the exemptive provisions of Section 4(a)(2) of the Securities Act.

During the year-ended June 30, 2021, we issued 362,427 shares of common stock for payment of interest accrued and owing on our outstanding 2019 Convertible Notes. Additionally, in July 2020, October 2020, January 2021 and February 2021, a total of 1,200,000 shares of common stock were issued upon the conversion of 1,200 of our outstanding 2019 Convertible Notes. In issuing the foregoing securities, we relied on the exemptive provisions of Section 4(a)(2) of the Securities Act and Rule 506 thereunder.

On October 29, 2020, we also issued 166,792 shares of common stock to Ausenco Engineering USA South Inc. in exchange for services valued at \$181,458. In issuing the foregoing securities, we relied on the exemptive provisions of Section 4(a)(2) of the Securities Act.

## EQUITY COMPENSATION PLAN

Set out below is information as of June 30, 2021 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	1,998,995	\$ 1.17	170,000
Equity compensation plans not approved by security holders	—	\$ —	—
<b>TOTAL</b>	<b>1,998,995</b>		<b>170,000</b>

### 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 a 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, 2021 and 2020 and compares each year's results to the results of the prior year.

#### Operating Highlights:

In April 2021, Paramount purchased 152 unpatented lode mining claims ("South Sleeper Claims") located two miles south of the Company's Sleeper Gold Project. Paramount paid a total consideration of \$365,441 in a combination of cash and common stock of the Company. The mining claims are subject to a mineral production royalty based on net smelter returns of 1%. The South Sleeper Claims are without known mineral reserves.

Also, during the three-month period ended March 31, 2021, Paramount continued to progress its permitting activities at its Grassy Mountain Project. In addition to conducting several meetings with the State of Oregon to address comments Paramount received on its initial Consolidated Mining Application, the Company received acceptance of its wildlife baseline data report for its proposed gold mine in Malheur County. To date, 20 of 22 baseline data reports have been accepted by the state regulators. The final two reports, ground water and geochemistry, are expected to be filed in advance of submitting the revised Consolidated Permit Application.

In September 2020, we announced the results of a Canadian NI 43-101 Feasibility Study ("FS") for our Grassy Mountain Project in Oregon. The FS was completed by a group of industry leading consulting firms led by Ausenco Engineering Canada Inc. ("Ausenco") who managed the overall study and were responsible for processing and infrastructure design and oversaw metallurgical testing; Mine Development Associates ("MDA") who updated the mineral resource estimate and completed the mine planning and reserves estimation; Golder Associates designed the tailings storage facility; and EM Strategies oversaw the environmental aspects of the FS.

This mining scenario in the FS results in an average annual production of 47,000 ounces of gold and 55,000 ounces of silver for eight years. The metal prices used for the economic analysis includes \$1,472 per ounce of gold sold and \$16.64 per ounce of silver sold. The life of mine average cash operating costs are estimated to be \$583 per gold ounce including silver revenues as by product credit and the total initial capital requirements are estimated to be \$97.5 million resulting in a net present value of \$105 million using a

5% discount rate. There can be no assurance that the foregoing scenario can be achieved, or if achieved, that it would generate the anticipated economic return. In October, 2020, we filed the completed FS on SEDAR as required by Canadian securities laws.

In July 2020, the Company announced that the Oregon Water Resource Department (“OWRD”) had reviewed and approved the plans and specifications for the tailings dam proposed for the Grassy Mountain mine and stated that from a safety perspective the plans are construction ready. The OWRD reviewed the data within the Consolidated Permit Application which Paramount submitted in November 2019 and which included all tailings design drawings, safety analysis, field data collected and laboratory testing. The OWRD and its engineering team are required to review and evaluate the data and design, classify the hazard level (high, significant, or low hazard rating) and evaluate readiness for construction from a dam safety perspective. Considering the project’s remote geographic location, low population density, arid nature with no rivers or permanent streams in close proximity, seismic analysis and all other data compiled, OWRD has rated the dam as low hazard, its lowest risk level. The approval for construction is valid for 5 years with extensions possible on request.

### **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 recognize the importance of 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:

**Grassy Mountain Project:** Paramount expects to respond to the State of Oregon’s CPA completeness review (“Review”) received in February 2019. The Review provided included proposed resolutions and additional information required by the Company and will assist the Company in submitting a revised CPA. The Company expects the revised CPA to address all the comments and requests for additional information with the objective of submitting a complete revised CPA that allows the State of Oregon to determine whether to issue a state mining permit for the Grassy Mountain Project. In addition to the State of Oregon permitting activities, Paramount expects to respond to BLM comments it received on its PoO. Once all the comments have been addressed, the BLM will register a Notice in the Federal Register once the application is deemed complete. The Notice initiates the EIS process under the National Environmental Policy Act. To complete these activities Paramount will engage specialized mining consulting firms, work with State and Federal contracted third parties and work directly with both state and federal permitting agencies.

**Sleeper Gold Project:**

During our fiscal year-ended June 30, 2021, Paramount initiated several targeted programs including metallurgical testing to enhance the value of the Sleeper Gold Project. As a result of a review of all geological, geochemical and geophysical data, the Company has identified several targets for exploration drilling. The purpose of an exploration drill at the Sleeper Gold Project is to locate additional higher-grade mineralization in the close proximity of the original Sleeper pit or in the large mining claim package owned by the Company and to facilitate further metallurgical testing. This commencement of this exploration program is subject to having sufficient capital on hand.

**Frost Project:**

The Company will implement an initial reverse circulation drill program to test historical drill results and additional selective targets.

### **Comparison of Operating Results for the year ended June 30, 2021 as compared to June 30, 2020**

#### **Results of Operations**

We did not earn any revenue from mining operations for the years ended June 30, 2021 and 2020. During the year ended June 30, 2021, 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, 2021 was \$5,903,618 compared to a net loss of \$6,430,141 in the previous year. The decrease of approximately 8% is fully described below. We will continue to incur losses for the foreseeable future as we continue with our planned exploration and development programs.

## **Expenses**

### ***Exploration, Reclamation and Land Holding Costs***

For the year ended June 30, 2021, exploration expenses were \$2,816,685 compared to \$4,201,138 in the prior year. This represents a decrease of 33% or \$1,384,453 mainly due to the Company not incurring comparable costs as in the previous fiscal year to complete its feasibility study at the Grassy Mountain Project and incurring a higher level of permitting costs to prepare and submit its CPA with the State of Oregon. The feasibility study for the Grassy Mountain Project was commenced in July 2019 and completed in October 2020. For the year-ended June 30, 2021, the Company was focused on working with the State of Oregon to address information requests required to advance the permitting process and submit a revised consolidated permit application. Total exploration expenses at Grassy Mountain during the year were \$1,949,753.

Included, for the year-ended June 30, 2021, were expenses of \$324,516 (2020 - \$723,279) related to the Company's reclamation activities at the Sleeper Project. Reclamation work continues to focus on reclaiming the past mine operation collection ponds and continued monitoring as required by the State of Nevada and the BLM. These reclamation expenses are reimbursed from funds held in a commutation account as part of the Company's insurance program for outstanding reclamation and environmental obligations at the Sleeper Gold Project.

For the year ended June 30, 2020, the Company submitted the consolidated mining permit application with the State of Oregon and submitted a revised POO for its Grassy Mountain Project. It also continued to work on its feasibility study for the Grassy Mountain project.

For the year ended June 30, 2021, land holding costs decreased by 9% or by \$52,577 from the prior year to \$540,401. The decrease is primarily due to not incurring lease costs for non-essential mining claims leased from third parties.

### ***Salaries and Benefits***

For the year ended June 30, 2021, salary and benefits increased by 39% or by \$383,849 from the prior year to \$1,373,451. Salary and benefits are comprised of cash and stock-based compensation of the Company's executive and corporate administration teams. The increase in expenses was primarily due to stock-based compensation incurred for new option grants, as well as bonuses awarded to the Company's employees. Included in the salary and benefits expense amount for the year ended June 30, 2021 and 2020 was non-cash stock based compensation of \$332,786 and \$132,286 respectively.

### ***Directors' Compensation***

For the year ended June 30, 2021, directors' compensation increased by 72% or by \$66,640 from the prior year ended June 30, 2020. The increase is due to the stock-based compensation recorded in the current year-ended June 30, 2021 compared to the prior year ended June 30, 2020.

### ***Professional Fees and General and Administration***

For the year ended June 30, 2021, professional fees were \$174,039 compared to \$166,894 in the prior year. This represents an increase of 4% or \$7,145. Professional fees included legal, advisory and consultant expenses incurred on corporate and operational activities being performed by the Company on a period-by-period basis.

For the year ended June 30, 2021, general and administration expenses decreased by 2% to \$483,608 from \$495,628 in the prior year. In general, these expenses remained stable from the prior year comparable period and any decrease was due to reduced travel related expenses due to restrictions resulting from the COVID-19 global pandemic.

## **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, 2021, we had cash and cash equivalents of \$3,113,064 compared to \$5,434,081 as at June

30, 2020. In May 2020, the Company established an “at the market” equity offering program (“ATM”) with Cantor Fitzgerald & Co. and Canaccord Genuity LLC to proactively increase financial flexibility. During the fiscal year ended June 30, 2021 the Company issued 3,209,133 shares for net proceeds of \$3,722,554 under the program and subsequent to the year -ended June 30, 2021 issued 2,189,936 shares for gross proceeds of \$1,875,521. At June 30, 2021, the Company’s prepaid expenses were \$1,152,396 compared to \$442,596 for the year-ended June 30, 2020. Included in the total for the year-ended June 30, 2021 were annual payments to hold the Company’s mining claims in the for all its mineral properties of \$548,127. The prepaid expenses also included amounts to secure a drill rig for the Paramount’s upcoming drill program at the Frost project. Drill rigs and related services have been in high-demand from an industry perspective as the US economy re-opens from the restrictions placed due to the COVID-19 pandemic.

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 \$ 5,956,071.

In addition to cash used in operating activities, the Company used and received cash as follows:

- Cash used to purchase mining claims in the State of Nevada of \$87,500;
- Cash received from equity financings of \$3,722,554.

We anticipate our twelve-month cash expenditures for our fiscal year ending June 30, 2022 to be as follows:

- \$2.3 million on corporate and general expenses

For discretionary exploration and permitting programs, subject to available cash on hand and additional share issuances, we are budgeting the following amounts:

- \$2.0 million on the Grassy Mountain Project state and federal permitting activities
- \$0.7 million on the Frost Project exploration programs
- \$1.25 million on the Sleeper Gold Project exploration programs

Our anticipated expenditures will be funded by our cash on hand and 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.

## Contractual Obligations

The following table summarizes our obligations and commitments as of June 30, 2021 to make future payments under certain contracts, aggregated by category of contractual obligation, for specified time periods:

Contractual Obligations	Payments due by period		1-3 years	4-5 years	More than 5 years
	Total	Less than 1 year			
Accounts Payable & Accrued Liabilities	\$ 638,950	\$ 638,950	—	—	—
Asset Retirement Obligations	\$ 1,849,644	\$ 310,022	\$ 581,575	\$ 44,892	\$ 913,156
Total	\$ 2,488,594	\$ 948,972	\$ 581,575	\$ 44,892	\$ 913,156

## 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 the adequacy of the Company’s reclamation and environmental obligation, share based compensation, valuation of deferred tax asset and assessment of impairment of mineral properties. 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 ARO.

### *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.

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, employee and directors with those of its shareholders a significant portion of those share option awards will vest contingent upon meeting certain stock price appreciation performance goals and other performance conditions. Option and share awards provide for accelerated vesting if there is a change in control (as defined in the employee share option plan). For stock option grants made in the fiscal years ended June 30, 2021 and 2020, the Company used 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, 2021 and 2020:

	2021	2020
WA Risk free interest rate	.22%	1.60%
WA Expected dividend yield	0%	0%
WA Expected stock price volatility	60%	61%
WA Expected life of options	5 years	5 years



### **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 then 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, 2021. 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, 2021, our internal control over financial reporting is effective based on those criteria.

Because we are a smaller reporting company, 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 a smaller reporting 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, 2021 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 2021 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2021 (the "2021 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 2021 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2021 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 2021 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2021 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 2021 Proxy Statement, to be filed with the SEC 120 days following the end of the Company's fiscal year ended June 30, 2021 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 2021 Proxy Statement, to be filed with the SEC within 120 days following the end of the Company's fiscal year ended June 30, 2021 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, 2021 and 2020

Consolidated Statements of Operations and Comprehensive Loss for the years ended June 30, 2021 and 2020

Consolidated Statements of Cash Flows for the years ended June 30, 2021 and 2020

Consolidated Statements of Stockholders' Equity for the years ended June 30, 2021 and 2020

Notes to Consolidated Financial Statements

(b) Index to Exhibits

Exhibit Number	Description
1.1	<a href="#"><u>Controlled Equity Offering<sup>SM</sup> Sales Agreement, dated as of May 20, 2020, by and between Paramount Gold Nevada Corp., Cantor Fitzgerald &amp; Co. and Canaccord Genuity LLC (Incorporated herein by reference to Exhibit 1.1 to Current Report on Form 8-K of the Company filed on May 20, 2020)</u></a>
1.2	<a href="#"><u>Agency Agreement, dated as of June 24, 2020, by and between Paramount Gold Nevada Corp., Canaccord Genuity Corp. and Cantor Fitzgerald Canada Corporation. (Incorporated herein by reference to Exhibit 1.2 to Current Report on Form 8-K of the Company filed on June 25, 2020)</u></a>
2.1	<a href="#"><u>Form of Separation and Distribution Agreement by and between Paramount Gold and Silver Corp. and the Registrant.<sup>1</sup></u></a>
2.2	<a href="#"><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.<sup>1</sup></u></a>
2.3	<a href="#"><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></a>
3.1	<a href="#"><u>Certificate of Amended and Restated Articles of Incorporation.<sup>2</sup></u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws.<sup>2</sup></u></a>
4.1*	<a href="#"><u>Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934</u></a>
4.2	<a href="#"><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></a>
4.3	<a href="#"><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></a>
4.4	<a href="#"><u>Form of Senior Secured Convertible Note (Incorporated herein by reference to Exhibit 4.1 to Current Report on Form 8-K of the Company filed on September 13, 2019)</u></a>
10.1	<a href="#"><u>2015 Stock Incentive and Equity Compensation Plan.<sup>2</sup></u></a>
10.2	<a href="#"><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></a>
10.3	<a href="#"><u>Form of Stock Subscription Agreement between Coeur Mining, Inc. and the Registrant.<sup>3</sup></u></a>
10.4	<a href="#"><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></a>
10.5	<a href="#"><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></a>
10.6	<a href="#"><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></a>
10.7	<a href="#"><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></a>
10.8	<a href="#"><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></a>
10.9	<a href="#"><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></a>
10.10	<a href="#"><u>Form of Security Agreement (Incorporated herein by reference to Exhibit 10.1 to Current Report on Form 8-K of the Company filed on September 13, 2019)</u></a>
21.1*	<a href="#"><u>List of subsidiaries.</u></a>
23.1*	<a href="#"><u>Consent of MNP LLP, Independent Registered Public Accounting Firm</u></a>
31.1*	<a href="#"><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></a>
31.2*	<a href="#"><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></a>
32.1*	<a href="#"><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></a>
32.2*	<a href="#"><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></a>
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

Exhibit Number	Description
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.

Paramount Gold Nevada Corp.

Date: September 17, 2021

By: /s/ Rachel Goldman  
**Rachel Goldman**  
**(Director and CEO)**

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.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Rachel Goldman</u> <b>Rachel Goldman</b>	Director and CEO (Principal Executive Officer)	September 17, 2021
<u>/s/ Carlo Buffone</u> <b>Carlo Buffone</b>	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 17, 2021
<u>/s/ Glen Van Treek</u> <b>Glen Van Treek</b>	Director, President and Chief Operating Officer	September 17, 2021
<u>/s/ Rudi Fronk</u> <b>Rudi Fronk</b>	Director	September 17, 2021
<u>/s/ John Carden</u> <b>John Carden</b>	Director	September 17, 2021
<u>/s/ Eliseo Gonzalez-Urien</u> <b>Eliseo Gonzalez-Urien</b>	Director	September 17, 2021
<u>/s/ Christopher Reynolds</u> <b>Christopher Reynolds</b>	Director	September 17, 2021
<u>/s/ Pierre Pelletier</u> <b>Pierre Pelletier</b>	Director	September 17, 2021

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	F-2
<a href="#"><u>Consolidated Balance Sheets as of June 30, 2021 and 2020</u></a>	F-3
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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 Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Paramount Gold Nevada Corp. (the Company) as of June 30, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2021, 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 consolidated financial position of the Company as of June 30, 2021 and 2020, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended June 30, 2021, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### **Assessment of the Provision for Reclamation and Environmental Obligations**

#### *Critical Audit Matter Description*

As described in Note 8 to the consolidated financial statements, as at June 30, 2021, the provision for reclamation and environmental obligations amounted to \$1,849,644. The provision is determined using estimates of the nature, timing and amount of future costs to be incurred to reclaim the mine sites, future inflation and discount rates. These assumptions are subject to change due to continued mining, reclamation of properties and regulatory changes.

We identified the assessment of the provision for reclamation and environmental obligations as a critical audit matter due to the subjective judgment involved in assessing the amount of the provision. Significant assumptions included amounts of future reclamation costs, inflation rates and discount rates. These assumptions are challenging to evaluate, as minor changes in these assumptions have a significant effect on the Company's determination of the provision for reclamation and environmental obligations.

#### *Audit Response*

We responded to this matter by performing audit procedures over the provision for reclamation and environmental obligations. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and evaluated management's asset retirement obligation working papers and examined assumptions regarding the discount rate, inflation rate, and the amounts and timing of future costs.
- Inquired with management whether there have been any changes to the original obligation estimates or activities that would impact the value of the obligation.
- Engaged an internal valuation specialist with specialized skill and knowledge to assist in evaluating the discount rates used to determine the amount of the provision.
- Assessed the future inflation rate by comparing to a third-party source.
- Obtained confirmation from management's experts regarding the future reclamation costs.
- Assessed certain elements of the future costs to be incurred to reclaim the mine sites by comparing the costs to recent rehabilitation activities.
- Assessed the appropriateness and completeness of related disclosures in the consolidated financial statements.

*MNP LLP*

Chartered Professional Accountants

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

Vancouver, Canada

September 17, 2021

**PARAMOUNT GOLD NEVADA CORP.**  
**Consolidated Balance Sheets**  
**as of June 30, 2021 and 2020**

	As at June 30, 2021	As at June 30, 2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,113,064	\$ 5,434,081
Prepaid expenses and deposits	1,152,396	442,596
<b>Total Current Assets</b>	<u>4,265,460</u>	<u>5,876,677</u>
<b>Non-Current Assets</b>		
Mineral properties (Note 7)	49,197,704	47,333,313
Property and equipment	5,959	8,467
Reclamation bond (Note 8)	533,703	695,041
<b>Total Non-Current Assets</b>	<u>49,737,366</u>	<u>48,036,821</u>
<b>Total Assets</b>	<u><u>\$ 54,002,826</u></u>	<u><u>\$ 53,913,498</u></u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 638,950	\$ 925,260
Reclamation and environmental obligation, current portion (Note 8)	310,022	154,231
<b>Total Current Liabilities</b>	<u>948,972</u>	<u>1,079,491</u>
<b>Non-Current Liabilities</b>		
Convertible debt (Note 6)	4,161,502	5,256,228
Promissory note (Note 6)	—	35,628
Reclamation and environmental obligation, non-current portion (Note 8)	1,539,622	460,939
<b>Total Non-Current Liabilities</b>	<u>5,701,124</u>	<u>5,752,795</u>
<b>Total Liabilities</b>	<u>6,650,096</u>	<u>6,832,286</u>
<b>Stockholders' Equity</b>		
Common stock, par value \$0.01, 200,000,000 authorized shares, 38,154,109 issued and outstanding at June 30, 2021 and 50,000,000 authorized shares, 32,958,404 issued and outstanding at June 30, 2020 (Note 5)	381,542	329,584
Additional paid in capital	107,005,135	100,881,957
Deficit	(60,033,947)	(54,130,329)
<b>Total Stockholders' Equity</b>	<u>47,352,730</u>	<u>47,081,212</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$ 54,002,826</u></u>	<u><u>\$ 53,913,498</u></u>

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

**Commitments and Contingencies: Note 12**

**Subsequent Events: Note 13**

**PARAMOUNT GOLD NEVADA CORP.**  
**Consolidated Statements of Operations and Comprehensive Loss**  
**for the Years ended June 30, 2021 and 2020**

	<b>For the Year Ended June 30, 2021</b>	<b>For the Year Ended June 30, 2020</b>
<b>Income</b>		
Other income (Note 9)	\$ 330,259	\$ 728,910
<b>Total Income</b>	<b>330,259</b>	<b>728,910</b>
<b>Expenses</b>		
Exploration (Note 10)	2,816,685	4,201,138
Land holding costs (Note 10)	540,401	592,978
Professional fees	174,039	166,894
Salaries and benefits	1,373,451	989,602
Directors compensation	158,694	92,054
General and administrative	483,608	495,628
Insurance	220,480	150,911
Depreciation	2,508	2,555
Accretion (Note 8)	60,040	94,591
<b>Total Expenses</b>	<b>5,829,906</b>	<b>6,786,351</b>
<b>Net Loss before other items</b>	<b>5,499,647</b>	<b>6,057,441</b>
<b>Other items</b>		
Interest income	(2,293)	(16,509)
Interest and service charges	442,211	389,209
Gain on forgiveness of promissory note	(35,947)	—
<b>Net Loss before Income Taxes</b>	<b>\$ 5,903,618</b>	<b>\$ 6,430,141</b>
<b>Net Loss and Comprehensive Loss</b>	<b>\$ 5,903,618</b>	<b>\$ 6,430,141</b>
<b>Loss per Common share</b>		
Basic	\$ 0.17	\$ 0.23
Diluted	\$ 0.17	\$ 0.23
<b>Weighted Average Number of Common Shares Used in Per Share Calculations</b>		
Basic	35,533,269	27,583,566
Diluted	35,533,269	27,583,566

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, 2021 and 2020**

	Shares (#)	Common Stock	Additional Paid-In Capital	Deficit	Total Stockholders' Equity
<b>Balance at June 30, 2019</b>	<b><u>26,519,954</u></b>	<b><u>\$ 265,200</u></b>	<b><u>\$ 94,764,730</u></b>	<b><u>\$(47,700,188)</u></b>	<b><u>\$ 47,329,742</u></b>
Stock based compensation	—	—	203,192	—	203,192
Capital issued for services (Note 4)	1,096,791	10,968	965,176	—	976,144
Capital issued for payment of interest	161,217	1,612	117,697	—	119,309
Capital issued for financing (Note 5)	5,180,442	51,804	4,831,162	—	4,882,966
Net loss and comprehensive loss	—	—	—	(6,430,141)	(6,430,141)
<b>Balance at June 30, 2020</b>	<b><u>32,958,404</u></b>	<b><u>\$ 329,584</u></b>	<b><u>\$100,881,957</u></b>	<b><u>\$(54,130,329)</u></b>	<b><u>\$ 47,081,212</u></b>
Stock based compensation	—	—	436,777	—	436,777
Capital issued for purchase of mineral properties	257,353	2,574	275,367	—	277,941
Conversion of convertible notes to shares	1,200,000	12,000	1,145,629	—	1,157,629
Capital issued for services (Note 4)	166,792	1,668	179,790	—	181,458
Capital issued for payment of interest	362,427	3,624	395,153	—	398,777
Capital issued for financing (Note 5)	3,209,133	32,092	3,690,462	—	3,722,554
Net loss and comprehensive loss	—	—	—	(5,903,618)	(5,903,618)
<b>Balance at June 30, 2021</b>	<b><u>38,154,109</u></b>	<b><u>\$ 381,542</u></b>	<b><u>\$107,005,135</u></b>	<b><u>\$(60,033,947)</u></b>	<b><u>\$ 47,352,730</u></b>

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, 2021 and 2020**

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020
Net loss and comprehensive loss	\$ (5,903,618)	\$ (6,430,141)
Adjustment for:		
Depreciation	2,508	2,555
Share based payments	181,458	976,144
Stock based compensation	436,777	203,192
Amortization of debt issuance costs	62,903	54,421
Interest expense	359,253	324,160
Accretion expense (Note 8)	60,040	94,591
Gain upon forgiveness of promissory note	(35,947)	—
Changes in reclamation bonds and accounts	(163,178)	(16,487)
(Increase) decrease in prepaid expenses	(709,800)	(93,825)
Increase (decrease) in accounts payable and accrued liabilities	(246,467)	(259,901)
<b>Cash used in operating activities</b>	<b>(5,956,071)</b>	<b>(5,145,291)</b>
Purchase of equipment	—	(4,719)
Purchase of mineral properties	(87,500)	—
<b>Cash provided by (used in) investing activities</b>	<b>(87,500)</b>	<b>(4,719)</b>
Capital issued for financing (Note 5)	3,722,554	4,882,966
Convertible debt issued (Note 6)	—	5,201,807
Promissory note (Note 6)	—	35,628
<b>Cash provided by financing activities</b>	<b>3,722,554</b>	<b>10,120,401</b>
Change in cash during year	(2,321,017)	4,970,391
Cash at beginning of year	5,434,081	463,690
<b>Cash at end of year</b>	<b>\$ 3,113,064</b>	<b>\$ 5,434,081</b>

See Note 4 for supplemental cash flow information

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”) and are presented in US dollars. 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 Company faces various risks related to the COVID-19 global pandemic. The Company’s primary goal during the COVID-19 pandemic is to safeguard the health of our employees, suppliers and the communities where we operate while minimizing business interruption. To date, COVID-19 pandemic has not had a material impact on our business however because of the highly uncertain and dynamic nature of events relating to the COVID-19 pandemic, it is not currently possible to predict any future impact of the COVID-19 pandemic, but these impacts could have a material adverse effect on the business, financial position, results of operations and/or cash flows. We will continue to monitor the COVID-19 situation closely. The results of operations for the year ending June 30, 2021 is not necessarily indicative of the operating results expected for any future period.

**Foreign Currency Translation and Transactions**

The Company’s functional and reporting currency is the United States dollar. Foreign denominated monetary assets and liabilities are translated into their U.S. dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Income and expenses are translated at average rates of exchange during the period. Related translation adjustments as well as gains or losses resulting from foreign currency transactions are reported as part of operating expenses on the statement of operations and comprehensive loss.

**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.

The recoverability of the costs incurred for the exploration and development of precious mineral properties is dependent on the ability of the Company to obtain the necessary financing to advance the projects to production, upon future profitable production or from proceeds from sale of properties or production royalties. The Company will continue to incur losses and have negative cash flows from operating activities and as such we will require additional capital to fund exploration and development programs, future property acquisitions and for general corporate purposes. If the Company is unable to obtain additional funding, we may be unable to continue operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements. These consolidated financial statements have been prepared on the accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least twelve months after the date that the financial statements are issued. Management has carried out an assessment of the going concern assumption and, after considering subsequent events, has concluded that the cash position of the Company is sufficient to finance continued operations for the twelve-month period after the issuance of these financial statements.

Significant estimates made by management in the accompanying consolidated financial statements include the adequacy of the Company's reclamation and environmental obligation, share based compensation, 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. The Company maintains cash in accounts which may, at times, exceed federally insured limits. At June 30, 2021 and 2020, the Company had \$2.81 million and \$5.13 million, respectively, of balances in excess of federally insured limits. The Company deposits its cash with financial institutions which it believes 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 consolidated 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 and for acquiring goods and services from nonemployees. Under the provisions of ASC 718, stock-based compensation cost is measured at the grant date and based on the calculated fair value of the award. For grants to employees an expense is recognized over the employee's requisite service period (generally the vesting period of the equity grant) using the graded vesting method. For grants to nonemployees, an expense is recognized when the good or service is received.

For options with performance conditions, the Company accrues compensation if it is probable that the performance condition will be achieved and recognizes the compensation cost over the requisite service period. The requisite service period for options with performance conditions is estimated based on the analysis of the terms of the award and the specific performance conditions. The Company shall recognize the effect of forfeited awards in compensation cost when they occur. 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. Net proceeds from the sale of royalties are deducted from the carrying value of the 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 until the commencement of production 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

## Impairment of Long-Lived Assets

In accordance with ASC 360, “Property, Plant, and Equipment”, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

An impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). That assessment shall be based on the carrying amount of the asset (asset group) at the date it is tested for recoverability, whether in use or under development. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value.

## Reclamation and Environmental Obligation

The Company follows the provisions of ASC 410, “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 fair value of a liability for an asset retirement obligation will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset. An accretion cost, representing the increase over time in the present value of the liability, is recorded each period. As reclamation work is performed or liabilities are otherwise settled, the recorded amount of the liability is reduced. Future reclamation costs are accrued based on management’s best estimate at the end of each period of the discounted costs expected to be incurred for the asset. Such costs include facilities removal, earthworks, revegetation and on-going monitoring. Changes in estimates are reflected prospectively in the period an estimate is revised.

## 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, 2021 and 2020, 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.

## Leases

The Company adopted ASU No. 2016-02 Leases effective July 1, 2019. The adoption of this guidance did not have a material effect on the Company’s consolidated financial position, results of operation, cash flows and related disclosures. The Company determines if an arrangement is, or contains, a lease at the inception date. Right-of-use (“ROU”) assets related to operating leases are included in *Other assets, non-current* with related liabilities included in *Accrued liabilities and Other long-term liabilities*. ROU assets under finance leases, which primarily represent property and equipment, are included in Property, plant and equipment, net with related liabilities in debt, current and debt, non-current on the Consolidated Balance Sheet.

Operating lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. We use our estimated incremental borrowing rate in

determining the present value of lease payments. Variable components of the lease payments such as maintenance costs are expensed as incurred and not included in determining the present value. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. In the adoption of ASU No. 2016, the Company elected the short-term lease recognition exemption. Currently, the Company does not have any leases with terms greater than 12 months.

## **Convertible Debt**

The Company reviews the terms of its convertible notes payable to determine whether to account for any portion of the proceeds towards the conversion feature. In general, when the convertible notes instrument has the following characteristics and terms no portion of the proceeds from the issuance shall be accounted for as attributable to the conversion feature: a) is convertible into common stock of the Company at a specified price at the option of holder; b) the debt is sold at a price or has value at issuance not significantly in excess of the face amount; c) an interest rate that is lower than the Company could establish for nonconvertible debt; d) an initial conversion price that is greater than the fair value of the common stock at time of issuance and; e) a conversion price that does not decrease except pursuant to antidilution provisions. When proceeds are not attributable to the conversion features of the debt, the Company records the entire amount as a liability. If the fair value option is not elected, the Company will reduce the initial carrying amount of the debt by any direct and incremental issuance costs paid to third parties that are associated with the convertible debt issuance.

The Company also reviews the terms of its convertible notes payable to determine whether there are embedded derivatives, including the embedded conversion option, that are required to be bifurcated and accounted for as individual derivative financial instruments. In circumstances where convertible debt contains embedded derivatives that are required to be separated from the host contracts, the total proceeds received are first allocated to the fair value of the derivative financial instruments determined using the binomial model. The remaining proceeds, if any, are then allocated to the debenture cost contracts, usually resulting in those instruments being recorded at a discount from their principal amount. This discount is accreted over the expected life of the instruments to profit (loss) using the effective interest method.

The debenture host contracts are subsequently recorded at amortized cost at each reporting date, using the effective interest method. The embedded derivatives are subsequently recorded at fair value at each reporting date, with changes in fair value recognized in profit (loss). As of June 30, 2021 and 2020, there were no embedded derivatives.

## **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 "Income Taxes" 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 June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses. The changes will be effective for the Company's fiscal year beginning July 1, 2020. Among other things, these amendments require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The adoption of ASU No. 2016-13 did not have a significant impact on the Company's consolidated financial position, results of operations, and cash flows.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement. These changes will be effective for the Company's fiscal year beginning July 1, 2020. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted. The adoption of ASU No. 2018-13 did not have a significant impact on the Company's consolidated financial position, results of operations, cash flows and related disclosures.

In November 26, 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments – Credit Losses. The changes will be effective for the Company's fiscal year beginning July 1, 2020. The amendments in this ASU clarify, correct errors in, improve, or address issues about certain topics related to the amendments in ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 was issued on June 16, 2016 and introduced an expected credit loss model for the impairment of financial assets measured at amortized cost basis. The adoption of ASU No. 2019-11 did not have a significant impact on the Company's consolidated financial position, results of operations, cash flows and related disclosures.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for public entities for fiscal years beginning after December 15, 2020, and for interim periods within those fiscal years. The Company is currently evaluating the impact of implementing these changes on the Company's consolidated financial position, operating results and cash-flows.

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which addresses the complexity of its guidance for certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 removes the accounting models that require beneficial conversion features or cash conversion features associated with convertible instruments to be recognized as a separate component of equity, adds certain disclosure requirements for convertible instruments, amends the guidance for the derivatives scope exception for contracts in an entity's own equity and simplifies the diluted earnings per share calculation for certain situations. This ASU is effective for the Company beginning on January 1, 2024. The Company is currently evaluating the impact of implementing these changes on the Company's consolidated financial position, operating results and cash-flows.

In July 2021, the FASB issued ASU No. 2021-5, Leases. These changes will be effective for fiscal years beginning after December 15, 2021. The amendments affect lessors with lease contracts that have variable lease payments that do not depend on a reference index or a rate and would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. The Company is currently evaluating the potential impact of implementing these changes on the Company's consolidated financial position, results of operation, cash flows and related 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 on a recurring basis 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, 2021			June 30, 2020
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 3,113,064	3,113,064	—	—	\$ 5,434,081

The carrying values of accounts payable and accrued liabilities and convertible debt (Note 6) approximate fair value as of June 30, 2021 and 2020.

#### Note 4. Non-Cash Transactions

During the year-ended June 30, 2021, the Company issued 257,353 shares of its common stock with a fair value of \$277,941 for the acquisition of mining claims.

During the year-ended June 30, 2021, the Company issued 362,427 shares of Common Stock for payment of interest accrued and owing on its outstanding 2019 Convertible Notes with a fair value of \$398,777. Additionally, 1,200,000 shares of Common Stock were issued upon the conversion of 1,200 of its outstanding 2019 Convertible Notes. The Company also issued 166,792 shares of Common Stock to Ausenco Engineering USA South Inc. in exchange for consulting services to complete the Grassy Mountain feasibility study valued at \$181,458.

During the comparative year-ended June 30, 2020, the Company issued 1,096,791 shares to Ausenco in exchange for services valued at \$976,144 to complete a feasibility study at its Grassy Mountain Project.

#### Note 5. Capital Stock

##### Authorized Capital

Authorized capital stock consists of 200,000,000 shares of Common Stock with par value of \$0.01 per common share (2020-50,000,000 shares of Common Stock with par value \$0.01 per common share). An increase to authorized capital stock was approved by the Company's stockholders during the year-ended June 30, 2021.

During the year-ended June 30, 2021, the Company issued 3,209,133 shares at an approximate average price of \$1.21 through its at-the market offering. Share issuance costs related to this were \$157,979. The Company also issued 362,427 shares for payment of interest accrued and owing (Note 4 and Note 6) with a fair value of \$398,777. The Company also issued 1,200,000 shares upon the conversion of 1,200 of the 2019 Senior Secured Convertible Notes (Note 4 and Note 6).

In addition, during the year-ended June 30, 2021, the Company issued 166,792 shares at a value of \$1.09 per share of Common Stock to Ausenco in exchange for services to complete a feasibility study at its Grassy Mountain Project (Note 4). It also issued 257,353 shares for the purchase of a mineral property with a fair value of \$277,941 (Note 4 and 7).

During the year-ended June 30, 2020, the Company issued 1,096,791 shares at a value of \$0.89 per share to Ausenco in exchange for services to complete a feasibility study at its Grassy Mountain Project (Note 4). The Company also issued 161,217 shares for payment of interest accrued and owing at December 31, 2019 (Note 4 and 6).

During the year-ended June 30, 2020, the Company issued 4,807,700 shares at a price of \$1.04 per share for gross proceeds of \$5,000,008. Share issuance costs were \$421,558 for net proceeds of \$4,578,450.

During the year ended June 30, 2020, the Company issued 372,742 shares at an average approximate price of \$1.17 for gross proceeds of \$436,783 through its at-the-market offering. Share issuance costs, including one-time transaction costs and commissions were \$124,265 for net proceeds of \$312,518.

At June 30, 2021 there were 38,154,109 common shares issued and outstanding (June 30, 2020 – 32,958,404 common shares).

## Warrants

A summary of warrants exercisable into common stock as of June 30, 2021, and changes during years-ended June 30, 2021 and 2020 are presented below:

	Warrants	Weighted Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (\$)
Outstanding at July 1, 2019	1,200,000	\$ 1.40	1.03	—
Issued	—	—	—	—
Expired	—	—	—	—
Exercised	—	—	—	—
Outstanding at June 30, 2020	1,200,000	\$ 1.40	0.03	—
Issued	—	—	—	—
Expired	(1,200,000)	1.40	—	—
Exercised	—	—	—	—
Outstanding at June 30, 2021	—	\$ —	—	—

## 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 2.169 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, employee and directors with those of its shareholders a significant portion of those share option awards will vest contingent upon meeting certain stock price appreciation performance goals and other performance conditions. Option and share awards provide for accelerated vesting if there is a change in control (as defined in the employee share option plan). For the year-ended June 30, 2021, the Company granted 755,000 stock options to employees, directors and consultants. For the year-ended June 30, 2020, the Company granted 690,000 stock options.

For the year-ended June 30, 2021, share-based compensation expense relating to service conditions options and performance conditions were \$286,096 and \$150,681, respectively (2020 - \$73,509 and \$129,683).

The fair value for these options was calculated using the Black-Scholes option valuations method. The weighted average assumptions used for the fiscal years ending June 30, 2021 and 2020 were as follows:

	2021	2020
Weighted average risk-free interest rate	0.22%	1.60%
Weighted-average volatility	60.00%	61.00%
Expected dividends	0.00	0.00
Weighted average expected term (years)	5	5
Weighted average fair value	\$ 0.57	\$ 0.39

A summary of option activity under the Stock Incentive and Compensation Plan as of June 30, 2021 and 2020, and changes during the years ended June 30, 2021 and 2020 are presented below.

Options	Options	Weighted Average Exercise Price	Weighted- Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value (\$)
Outstanding at July 1, 2019	1,568,995	\$ 1.50	1.95	\$ —
Granted	690,000	1.00	4.47	165,600
Exercised	—	—	—	—
Forfeited or expired	(1,015,000)	1.53	0.05	—
Outstanding at June 30, 2020	1,243,995	\$ 1.20	3.63	\$ 165,600
Granted	755,000	1.13	4.44	—
Exercised	—	—	—	—
Forfeited or expired	—	—	—	—
Outstanding at June 30, 2021	1,998,995	\$ 1.17	\$ 3.31	\$ —
Exercisable at June 30, 2021	964,997	\$ 1.19	\$ 3.08	\$ —

A summary of the status of Paramount's non-vested options as of June 30, 2021 and 2020 and changes during the years ended June 30, 2021 and 2020 are presented below.

Non-vested Options	Options	Weighted- Average Grant- Date Fair Value
Non-vested at July 1, 2019	340,660	\$ 0.79
Granted	690,000	0.38
Vested	(66,668)	0.74
Forfeited	(20,000)	0.74
Nonvested at June 30, 2020	943,992	\$ 0.51
Granted	755,000	0.56
Vested	(664,994)	0.50
Forfeited	—	—
Nonvested at June 30, 2021	1,033,998	\$ 0.55

As of June 30, 2021 and 2020, there was \$143,998 and \$153,802 respectively 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 0.78 years (2020 – \$1.05). The total fair value of shares vested during the years ended June 30, 2021 and 2020, was \$332,835 and \$202,121, respectively.

## Note 6. Debt

	Convertible Debt			
	June 30, 2021		June 30, 2020	
	Current	Non-Current	Current	Non-Current
2019 Secured Convertible Notes	\$ —	\$ 4,277,690	\$ —	\$ 5,477,690
Less: unamortized discount and issuance costs	—	(116,188)	—	(221,462)
	<u>\$ —</u>	<u>\$ 4,161,502</u>	<u>\$ —</u>	<u>\$ 5,256,228</u>

In September 2019, the Company completed a private offering of 5,478 Senior Secured Convertible Notes (“2019 Convertible Notes”) at \$975 per \$1,000 face amount due in September 2023. Each 2019 Convertible Note will bear an interest rate of 7.5% per annum, payable semi-annually. The effective interest rate of the 2019 Convertible Notes is 9.24%. The principal amount of the 2019 Convertible Notes will be convertible at a price of \$1.00 per share of Paramount common stock. Unamortized discount and issuance costs of \$275,883 will be amortized as an additional interest expense over the four-year term of the 2019 Convertible Notes. During the year-ended June 30, 2021, the Company amortized \$62,903 (2020-\$54,421) of discount and issuance costs. At any point after the second anniversary of the issuance of the convertible notes, Paramount may force conversion if the share price of its common stock remains above \$1.75 for 20 consecutive trading days. The convertible notes are secured by a lien on all assets of the Company and the Company is required to maintain a working capital balance of \$250,000. At June 30, 2021, the working capital covenant was met by the Company.

During the year-ended June 30, 2021, a total of 1,200 notes were converted in 1,200,000 shares of Common Stock (2020 – nil). Also during the year-ended June 30, 2021, the Company recorded an interest expense of \$359,253 (2020 - \$324,160).

On May 5, 2020, the Company was granted a loan (the “PPP Loan”) from Wells Fargo Bank, N.A. in the amount of \$35,628 pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The PPP Loan which was in the form of a Promissory Note matures on May 3, 2022 and bears interest at a rate of 0.98% per annum, payable monthly commencing on November 1, 2020. The Note may be prepaid by the Company at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. During the year-ended June 30, 2021, the PPP Loan and accrued interest was forgiven and a gain of \$35,947 was recorded on the Company’s Consolidated Statements of Operation and Comprehensive Loss.

## Note 7. Mineral Properties

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

	June 30, 2021	June 30, 2020
Sleeper	\$ 26,011,976	\$ 24,147,585
Grassy Mountain	23,185,728	23,185,728
	<u>\$ 49,197,704</u>	<u>\$ 47,333,313</u>

### 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.

During the year-ended June 30, 2021, the Company recorded an increase in reclamation and environmental obligation of \$1,498,950 (2020 - \$278,181) (Note 8) for the Sleeper Gold Project.

Also, during the year-ended June 30, 2021, the Company purchased 152 unpatented lode mining claims by issuing 257,353 shares of common stock for a fair value of \$277,941 and cash payment of \$87,500 for a total consideration of \$365,441. These claims have been included as part of the Sleeper Gold Project.

### 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 442 federal mining claims, 3 patented lode claims, and various leased fee land surface and surface/mineral rights, all totaling approximately 9,300 acres.

**Note 8. Reclamation and Environmental Obligation:**

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 Company has posted several cash bonds as financial security to satisfy reclamation requirements. The balance of posted cash reclamation bonds at June 30, 2021 is \$533,703 (June 30, 2020 - \$695,041).

Paramount is responsible for managing the reclamation activities from the previous mine operations at the Sleeper Gold Mine as directed by the BLM and the Nevada State Department of Environmental Protection ("NDEP"). Paramount has estimated the undiscounted reclamation costs for existing disturbances at the Sleeper Gold Project required by the BLM to be \$3,557,944. These costs are expected to be incurred between the years calendar 2021 and 2060. Paramount has also estimated undiscounted reclamation cost as required by the NDEP to be \$1,470,000. These costs include on-going monitoring and new requests from the NDEP to convert three processing ponds from the historical operations to evaporation cell ponds by 2023. These costs are expected to be incurred between 2021 and 2039. The sum of expected costs by year are discounted using the Company's credit adjusted risk free interest rate from the time it expects to pay the retirement to the time it incurs the obligation. The asset retirement obligation for the Sleeper Gold Project recorded on the balance sheet is equal to the present value of the estimated reclamation costs as required by both the BLM and NDEP.

The following variables were used in the calculation for the fiscal years ending June 30, 2021 and 2020:

	2021	2020
Weighted average credit adjusted risk free rate	9.89%	9.76%
Weighted-average inflation rate	2.31%	1.60%

Changes to the Company's asset retirement obligation for the Sleeper Gold Mine for the year ended June 30, 2021 are as follows:

	June 30, 2021	June 30, 2020
Balance at beginning of year	\$ 615,170	\$ 965,677
Accretion	60,040	94,591
Additions and changes in estimates	1,498,950	278,181
Settlements	(324,516)	(723,279)
Balance at end of year	\$ 1,849,644	\$ 615,170

The balance of the reclamation and environmental obligation of \$1,849,644 (2020 - \$615,170) is comprised of a current portion of \$310,022 (2020 - \$154,231) and a non-current portion of \$1,539,622 (2020 - \$460,939).

**Note 9. Other Income**

The Company's other income details were as follows:

	Year Ended 2021	Year Ended 2020
Re-imbursement of reclamation costs	\$ 324,516	\$ 723,279
Leasing of water rights to third party	5,743	5,631
<b>Total</b>	<b>\$ 330,259</b>	<b>\$ 728,910</b>

**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, 2021:

	Exploration Expenses	Land Holding Costs	Mineral Properties As at June 30, 2021
Sleeper Gold Project	\$ 866,932	\$ 437,671	\$ 26,011,976
Grassy Mountain Project	1,949,753	102,730	23,185,728
	<u>\$ 2,816,685</u>	<u>\$ 540,401</u>	<u>\$ 49,197,704</u>

Expenses and mineral property carrying values by material project for the year ended June 30, 2020:

	Exploration Expenses	Land Holding Costs	Mineral Properties As at June 30, 2020
Sleeper Gold Project	\$ 852,958	\$ 423,508	\$ 24,147,585
Grassy Mountain Project	3,348,180	169,470	23,185,728
	<u>\$ 4,201,138</u>	<u>\$ 592,978</u>	<u>\$ 47,333,313</u>

#### Note 11. Income Taxes

At June 30, 2021, the Company has net operating loss carry forwards of \$38,219,334 expiring between the years 2022 and 2038 which are available to reduce future taxable income. Tax losses incurred after June 30, 2018 may be carried forward indefinitely. The tax effects of the significant components within the Company's deferred tax asset (liability) at June 30, 2021 and 2019 are as follows:

United States	2021	2020
Mineral properties	\$ 868,970	\$ 1,206,528
Asset retirement obligation	388,425	129,186
Fixed assets	386	—
Stock options	447,913	356,189
Net operating losses	11,676,822	9,933,638
	<u>\$ 13,382,516</u>	<u>\$ 10,936,166</u>
Valuation allowance	(11,333,208)	(10,257,518)
Mineral properties	<u>\$ 2,049,308</u>	<u>\$ (678,648)</u>
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

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

	2021	2020
Income (Loss) before taxes	\$ (5,903,618)	\$ (6,430,141)
US Statutory tax rate	21.00%	21.00%
Expected income tax (recovery)	(1,239,760)	(1,350,330)
Non-deductible items	157	2,426
Change in estimates	1,196,349	(57,853)
Change in valuation allowance	43,254	1,405,757
Total income taxes (recovery)	<u>\$ —</u>	<u>\$ —</u>
Current tax expense (recovery)	—	—
Deferred tax expense (recovery)	—	—
	<u>\$ —</u>	<u>\$ —</u>

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, 2021 and 2020, 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 2019 through 2021. Loss carryforwards generated or utilized in years earlier than 2019 are also subject to examination and adjustment. The Company has no income tax examinations in process.

### **Note 12. Commitments and Contingencies:**

#### ***Other Commitments***

Paramount has 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 is obligated to 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 on 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. Paramount made the annual lease payment of \$60,000 as required by the agreement during the year ended June 30, 2021. The Cryla Claims are without known mineral reserves and there is no current exploratory work being performed.

Paramount has 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. Upon signing the agreement, Paramount made a payment of \$10,000 to Nevada Select. 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. All required payments under the agreement due at June 30, 2021 have been paid. The Frost Claims are without known mineral reserves.

### **Note 13. Subsequent Events**

Subsequent to June 30, 2021, the Company issued 2,189,521 ATM shares at an average price of \$0.86 per share and for gross proceeds of approximately \$1,875,521. The Company also issued 168,690 shares at a fair value price of \$0.99 per share for the payment of interest accrued and owing at June 30, 2021 for its outstanding convertible debt.

Subsequent to June 30, 2021, the Company entered into an option agreement with Nevada Select to purchase mining claims in the State of Nevada for a total consideration of \$300,000. Payments under the agreement will be based on achieving certain events over time. Upon signing the agreement Paramount made a payment of \$20,000 to Nevada Select.