Para Announces Restructuring of Shareholders' Loans into a 5 Year Convertible Subordinated Note

written by Raj Shah | July 11, 2018

July 11, 2018 (Source) – Para Resources Inc. (TSXV: PBR) (WKN: A14YF1) (OTC Pink: PRSRF) (the "Company" or "Para") is pleased to announce that it has signed a Term Sheet with Conex Services Inc. and Conterra Construction, Inc., both controlled by an Insider of the Company, whereby all outstanding loans and accrued interest, previously made to Para and to its subsidiary Gold Road Mining Corp. (or other subsidiaries), are being re-structured into a five-year Convertible, Subordinated Note.

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

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

Term: Sixty months from the issue date

Repayment: The principal is repayable in full or in part at any time by the Company giving the Holder 30 days' notice but in any event in full at Term.

Interest: Interest will accrue and compound monthly at an annual rate of 12%.

Conversion: The principal of the Notes may be converted into Common Shares of the Company, by the Holder giving 15 days written notice at the following conversion prices:

- Between Months 1 – 36 at $0.30 per share
- Between Months 37 – 60 at $0.40 per share

Security: The Notes are secured by a charge on all of the assets of Gold Road Mining Corp, Z79 Resources, Inc and Para Resources Inc., subject to agreement to subordinate to a senior secured lender to Para.

Use of Proceeds: To repay and in exchange for the various outstanding notes and loans made by Conex and Conterra.

Hold Period: Any common shares issued upon conversion of the Notes, will be subject to a four month hold period from the date of issuance of the Notes in accordance with applicable Canadian securities laws.

Geoff Hampson, Para's CEO, states, "This Convertible Note replaces old notes and loans that had different terms and due dates and replaces them with a single long-term instrument that moves over $10 million of Current Liabilities to Long Term. This commitment by Insiders is an indication of confidence in both

the ability of management to execute on the plan and the quality of the assets, to generate substantial cash flow, beyond the seven year mine life as described in the recently published PEA. In addition, the structure ensures that cash generated by the Company's assets is directed to long term growth and the creation of increased shareholder value."

Participation of an insider of the Company in the convertible note financing constitutes a related party transaction as defined under Multilateral Instrument 61-101 (*Protection of Minority Security Holders in Special Transactions*). Because the Company's shares trade only on the TSXV, the issuance of securities is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Subsection 5.5(b) of MI 61-101 and exempt from the minority approval requirements of Section 5.6 of MI 61-101.

ABOUT PARA RESOURCES:

Para is a junior producing gold mining company. Para owns approximately 80% of the El Limon project, in Colombia, which in addition to its current underground operation is purchasing mineralized rock mined by small artisanal miners working on the Company's property. The El Limon and OTU properties also have exploration and development upside. The Company also owns 88% of the Gold Road Mine in the Oatman District of Arizona. RPM Global recently produced a NI 43-101 Technical Report and PEA, establishing a Mineral Resource estimate and a good economic outlook for the Gold Road Mine. Production at Gold Road is expected to commence in October 2018. Para will continue to take advantage of current market conditions to acquire and develop additional highly economic, near-term production assets that have strong exploration and development upside.

On behalf of the Board of Directors

“C. Geoffrey Hampson“

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C. Geoffrey Hampson, Chairman, Chief Executive Officer and Director

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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