

Para Announces US \$16.6 Million Letter of Intent with Pandion Mine Finance, LP

written by Raj Shah | July 17, 2018

✖ July 17, 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 non-binding Letter of Intent with Pandion Mine Finance, LP (“Pandion”) for a financing of US \$16.6 million via a Prepaid Forward Gold Purchase Agreement (the “Purchase Agreement”). This Letter of Intent sets out indicative terms on which Pandion or any of its designated affiliates proposes, subject to certain terms and conditions, to enter into a definitive Purchase Agreement for an aggregate upfront prepayment amount of US\$16.6 million disbursed in one tranche, with a tenor of 52 months, with Para, and its subsidiaries, Z79 Gold (USA) Corp. and Gold Road Mining Corp. (collectively, the “Sellers”). The use of proceeds of the gold prepayment amount under the Purchase Agreement is to finance (i) re-payment of the secured notes used in the acquisition of the Gold Road Mine and processing facility in Arizona, U.S.A. (as disclosed in the Company’s news release of August 8, 2017), (ii) the development and restart of the Gold Road Mine, (iii) general working capital at Para, and (iv) the payment of certain outstanding liabilities and / or debt of Para.

The US\$16.6 million financing is subject to the completion of the remaining due diligence and the negotiation and execution of a Prepaid Forward Gold Purchase Agreement.

Pursuant to the proposed Purchase Agreement, Pandion would advance to the Company an amount of US\$16.6 million in one tranche as partial consideration for the purchase of 50,280

ounces of gold.

Over a period of 52 months following the date of the advance, the Company would be obligated to deliver to Pandion 50,280 ounces of gold; however, no gold would be deliverable by the Company during the first 12 months. Pandion would pay to the Company, together with each delivery of gold, an amount per ounce of gold equal to the market price at the time, less a specified discount. During the term of the Purchase Agreement, Pandion would also participate in the upside of any increase in the price of gold.

Additionally, Pandion would have the option to elect at any time to receive up to a specified number of common shares to be set on the day immediately preceding the closing date of the Purchase Agreement, in lieu of delivery of up to 2,000 ounces of gold, subject to the prior approval of the TSX Venture Exchange ("TSXV").

Under the terms of the proposed Purchase Agreement, the Company would have the right to buy out and terminate the Purchase Agreement at any time and its obligations under the Purchase Agreement would be secured by a first priority charge on all the assets of Z79 Gold (USA) Corp., Gold Road Mining Corp., and the Company.

An origination fee of US\$450,000 would be payable to Pandion and non-refundable upon closing of the Purchase Agreement. If Para declines to accept the Purchase Agreement and move forward with the transaction, Para would be required to pay a non-refundable transaction cancellation fee of US\$450,000 and issue to Pandion, share purchase warrants with an expiry date of September 30, 2021 to purchase 3,500,000 common shares of Para at an exercise price of C\$0.19, subject to applicable TSXV approval.

"We are very pleased that the results of the Gold Road PEA have

been corroborated by the Pandion Letter of Intent and look forward to a strong partnership with the Pandion team.” states Geoff Hampson, Para’s CEO. “Securing long term financing for the Gold Road Mine is an important step for Para, which will now allow us to move forward with the selection of a contract miner, invest into additional infrastructure that will reduce costs, begin building our local management team and start an underground drilling program in the Gold Road mine to expand our resource and extend mine life. We also expect to begin an exploration program on the adjacent Tr-Ue Vein properties in late 2018. Historical average grades in the Tr-Ue Vein have been greater than 23.4 gpt. Quantifying economic tonnage from the Tr-Ue Vein will have a material impact of the mine economics.”

Richard Kehmeier, Certified Professional Geologist, is the qualified person who has reviewed and approved the technical content of this news release. Mr. Kehmeier is a consultant to the Company and was one of the authors of the Company’s “Preliminary Economic Assessment of the Gold Road Mine, Arizona” dated May 1, 2018.

The Pandion financing is expected to close in the first week of August 2018.

ABOUT PARA RESOURCES:

Para is a junior producing gold mining company. Para owns approximately 82% 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.

ABOUT PANDION MINE FINANCE, LP:

Pandion is a mining-focused investment firm backed by MKS PAMP Group and Ospraie Management, LLC that provides flexible financing solutions to developing mining companies.

Cautionary Notes:

This press release contains forward-looking information under Canadian securities legislation. Forward-looking information. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. All information contained in this news release, other than statements of current and historical fact, is forward looking information. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Para to be materially different from those expressed or implied by such forward-looking statements, including but not limited to those risks described in the annual information form of Para and in its public documents filed on SEDAR from time to time. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Although management of Para has attempted

to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There are no assurances that the Pandion financing will close on the terms described or at all; there are no assurances Para will be able to deliver the Gold amounts contemplated by the proposed Purchase Agreement, and actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Para does not undertake to update any forward-looking statements, except in accordance with applicable securities laws. Readers should also review the risks and uncertainties sections of Para's annual and interim MD&As.

On behalf of the Board of Directors

"C. Geoffrey Hampson"

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

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