

# Ecuador Gold Announces Proposed Consolidation, Agreement on Extension of Maturity Date

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## Conversion Price of Debentures, and an Additional US\$500,000 of New Debentures

TORONTO, January 29, 2016 - [Ecuador Gold & Copper Corp.](#) (TSXV: EGX) (the "Company"), is pleased to announce that it has agreed to amend the terms of all outstanding senior secured convertible debentures (the "Debentures") (the "Debenture Amendments"), which have an aggregate principal amount of US\$2,605,000, to extend the maturity date of the Debentures to March 5, 2016 in exchange for a new conversion price on a post-consolidation basis of \$0.15 per Unit (the "New Conversion Price") of the Company, subject to the Company consolidating all of its issued and outstanding common shares on a 10-to-1 basis (the "Consolidation") and the requirements and approval of the TSX Venture Exchange (the "Exchange"), and the Company has agreed to use its commercially reasonable best efforts to obtain such approval as soon as reasonably possible. Upon completion of the Consolidation, the maturity date of the Debentures shall be further extended to December 31, 2016. Each "Unit" remains comprised of one common share and one-half common share purchase warrant (each whole warrant a "Warrant") of the Company, and each Warrant entitles the holder thereof to acquire one additional common share of the Company at an new proposed post-Consolidation exercise price of C\$0.15 per share for 24 months following the date of issuance. The Consolidation is subject to Exchange approval and approval of the Company's shareholders as well.

In connection with seeking shareholders' approval for the Consolidation, the Company has scheduled a special shareholders' meeting to be held on Friday, March 4, 2016 at 10:00 a.m. at the office of its corporate solicitors, Boughton Law, located at Suite 700, 595 Burrard Street, Vancouver, B.C.

In addition, the Company wishes to announce a non-brokered private placement offering of a further US\$500,000 of senior secured convertible debentures (the "New Debentures"). Each New Debenture will bear an interest of 12% per annum with the principal amount and interest due and payable on the same extended maturity date (the "Maturity Date") as described above for the other Debentures unless converted into Units prior to the Maturity Date at a pre-Consolidation price of \$0.015 per Unit. The issuance of the New Debentures is subject to the requirements and approval of the Exchange, and the Company has agreed to use its commercially reasonable best efforts to obtain such approval as soon as reasonably possible. Neither the Debenture Amendments nor issuance of the New Debenture will result in the creation of a new control person. The New Debentures are expected to be issued in two tranches: firstly, US\$300,000; and secondly, US\$200,000 upon completion of the Consolidation.

The sale of the New Debentures is intended to be made to certain major shareholders of the Company, including Aura International Services Ltd. ("Aura"), in reliance of certain prospectus exemptions. Aura presently owns 129,063,587 common shares of the Company, representing 50.3% ownership. Accordingly, Aura is a control person of the Company under applicable securities laws and is therefore also a related party to the Company. Consequently, the sale of New Debentures to Aura is a related party transaction, which is intended to be carried out under exemptions from the requirements of Multilateral Instrument 61-101 -- Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Likewise, the Debenture Amendments also constitutes a related party transaction under MI 61-101, but such amendments are subject to the requirements and approval of the Exchange, which will require approval of the majority of the minority shareholders. For the Debenture Amendments, the Company will rely on an exemption from formal valuation requirements under section 5.5(b) of MI 61-101 as described below in the context of the new Debenture offering.

Under the New Debenture offering, the Company is relying upon exemptions from both the formal valuation requirements and minority shareholder approval requirements of MI 61-101 under sections 5.5(b) and 5.7(1)(b) thereof, respectively. The Company is not aware of any valuation of the Company or its mineral properties. The Company is entitled to rely upon the exemption under section 5.5(b) because it is listed only on the TSX Venture Exchange and not one of the specified markets listed therein. The Company is entitled to rely on the exemption under section 5.7(1)(b) because the New Debenture offering is a distribution of securities for cash of not more than \$2,500,000. Aura may acquire New Debentures in the principal amount of up to approximately US\$416,600 under the New Debenture offering and has already acquired prior

Debentures having an aggregate principal amount of US\$2,133,000. If Aura were to convert all such New Debentures and prior Debentures as well as the Warrants contained in the Units together with all other common share purchase warrants of the Company held by Aura at the existing conversion prices prior to the New Conversion Price taking effect in the prior Debentures, and assuming that no other holders of convertible securities of the Company converted or exercised their securities, then Aura would hold approximately 501,305,187 common shares of the Company (assuming an exchange rate of C\$1.46/USD) representing approximately 79.7% ownership.

The proceeds of the New Debenture offering are being used for the Company's Condor Gold Project, in-country working capital in Ecuador, and as additional working capital of the Company. All securities issued under the New Debenture offering will be subject to a statutory four-month hold period from the date of issuance. No finders fees will be paid in connection with the New Debenture offering.

#### **About Ecuador Gold and Copper Corp.**

[Ecuador Gold and Copper Corp.](#) is a Canadian exploration and mining company focused on its gold and copper mineral properties located in the Province of Zamora-Chinchipe in southern Ecuador. The Company has completed a Preliminary Economic Assessment of its Santa Barbara Gold and Copper Project dated May 29, 2015, and is currently listed on the TSX Venture Exchange under the symbol "EGX". For additional information, please visit us at [www.ecuadorgoldandcopper.com](http://www.ecuadorgoldandcopper.com).

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