

# Para Resources Announces Positive Preliminary Economic Assessment for the Gold Road Mine

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Vancouver, May 1, 2018 - [Para Resources Inc.](#) (the "Company" or "Para") (TSXV: PBR) (WKN: A14YF1) (OTC Pink: PRSRF) is pleased to announce the results of an independent Preliminary Economic Assessment study ("PEA") under National Instrument 43-101 ("NI 43-101") by RPM Global on the Gold Road mine, in Oatman, Az. The PEA report will be posted to SEDAR May 2<sup>nd</sup>, 2018.

## Gold Road PEA Highlights<sup>2</sup>

- Pre-tax Net Present Value ("NPV") at a 5% discount rate of US\$81.3 million [CAD\$104 million<sup>1</sup>] and Internal Rate of Return ("IRR") of 238%
- Post-Tax NPV at a 5% discount rate of US\$56.7 million [CAD\$ 73 million] and IRR of 174%
- Pre-tax Net Cash Flow of US\$104.0 million [CAD\$133M<sup>1</sup>]
- Undiscounted cash flow after income and mining tax of US\$72.9 million
- Payback period of 1.5 years
- Initial capital of US\$5.7 million
- Life of Mine ("LOM") of 7 years with 1.1 million tons of potential mill feed at an average diluted grade of 0.19 ounces of gold per ton [6.5 grams per tonne]
- Initial mining rate of 250 tons per day increasing to 500 tons per day in year 3
- Total All-in Sustaining Cost of US\$632.79 per ounce of gold
- Assumed long term price of gold is US\$1,200 per ounce
- The exchange rate used was US\$1.00 equals CAD\$1.28.

Geoff Hampson, Para's CEO states, "We are very pleased with the results of the Gold Road PEA and the validation of the investment thesis we developed when we acquired it. The PEA quantifies the robust returns and strong cash-flow for this project. The NPV of this project when compared to the current market capitalization of the whole company indicates that our shareholders will be rewarded for their patience and belief in our business plan. In addition, we consider the analysis by RPM as a base case and have already developed strategies to quickly ramp up production in 2019 to 500 TPD, increase the head-grade by developing working faces in historically higher-grade rock and to take advantage of the currently higher price of gold than was used in the study."

Ian Harris, Para's President states, "The PEA provides the green-light to move forward with a quick restart of the Gold Road Mine. Our near-term focus will be on finalizing our startup plan, mine contract bidding, and executing an exploration plan intended to increase the resources at Gold Road and seek higher-grade material along the TrUe Vein. We plan to re-start operations at Gold Road in September of 2018 and expect to achieve full production by mid-2019. The PEA reports that the mill and mine infrastructure is in excellent shape and requires very little in the way of capex. The only major capex is required to install a shaft and headframe to reduce the cost of extracting material from the mine. We can produce using 20-tonne underground haul trucks up the 2-mile-long decline while the shaft is under construction."

The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the results included in the PEA will be realized. If the Company were to bring the Gold Road mine into production without first establishing mineral reserves supported by a feasibility study, the Company cautions that this could result in higher risk of economic or technical failure of the operation than if a feasibility study had been prepared demonstrating economic and technical viability. There are no assurances that the Gold Road mine will be found to be economic.

## Mineral Resource Estimate

Resources were supported by 14,768 channel samples. The database contains 19,400 assay data excluding the 16 drill holes which were not used in the resource estimate. The channel samples were taken within the mined stopes and the development workings. Channels are spaced every five feet along the drifts.

All the Inferred mineral resources are reported using a 0.1 ounces per ton (opT) Au cutoff, which is roughly the current economic cutoff. In order to meet the international requirement of reasonable prospect for eventual economic extraction, the mineral resources quoted in this report are constrained within a maximum vertical distance of 200 ft from a drift.

Table 1-1 Gold Road Mineral Resources at 0.1 opT Au cutoff

Distance (ft)	Au (opT)	Tons	Ounces
<50	0.23	160,000	36,000
50-100	0.21	268,100	57,000
100-200	0.22	550,00	121,000
Total	0.22	978,000	214,000

#### Underground Mining

The underground mine historically used Shrinkage Stopping Mining (SSM). During the most recent mining phase, haulage of the mineralized material and waste to the surface was with underground trucks. RPM Global reviewed the continued use of SSM for the Gold Road Mine and has also reviewed an alternative mining method known as Raise Access Mining. Raise Access Mining (RAM) incorporates an Alimak style raise climber to develop the access raise in materialized material from the sill level to the top level. Once the raise is established, the climber is used to drill and blast horizontal production holes from the bottom of the mineralized block up in retreat. The mineralized material is loaded from the bottom sill level using a mucker loading into nearby muck bay, a truck for the haul up the decline or to the proposed new shaft loadout. Gold Road used a form of RAM in a test stope in the past with mixed results. RPM advises that the use of RAM is the preferred method and has been used in the PEA as part of the restart. RAM provides a safer mining process, with limited, to no exposure of the miners to unsupported ground, as well as lower operating cost. Both mining methods are discussed in the PEA.

RPM also reviewed alternative haulage methods using the current truck haulage decline (11,000 ft. one way) as well as a truck/shaft haulage scenario. As expected the truck/shaft method was the preferred alternative due to costs and efficiency.

#### Metallurgical Test work and Mineral Processing

The processing parameters for Gold Road mineralized material have long been established by both actual processing over many years and by metallurgical test work. The gold is present as very fine particles in extremely hard, chalcedonic quartz. Processing requires grinding to 80% passing 325 mesh and 24-hour leaching which results in about 95% gold extraction.

Excluding the processing in the early-1900s, about one million tons of Gold Road mineralized material grading about 0.2 ounces gold/ton have been processed by the following two plants:

- A 400-ton/day counter-current-decantation/Merrill-Crowe plant, operated from 1937 to 1941
- A 500-ton/day carbon-in-pulp (CIP) plant, operated from 1996 to 2016

The latter plant is still in existence and is in good condition. Tailings from the current plant are filtered and dry- stacked in a tailings storage facility ("TSF") close to the plant.

#### Capital and Operating Costs

The total capital costs for the restart of the Gold Road Mine include US\$5.2M for the restart, preliminary development and shaft / hoist installation and purchase of the raise climbers completed in year 1. All other development and other capital cost are considered to be sustaining capital for the remaining LOM.

Estimated capital cost to bring the processing plant into operational condition is US\$0.5 million. No capital costs are anticipated for the infrastructure.

The underground mine operating costs were developed on a per-foot of advance basis for the waste development. Other operating costs includes raise mining (in mineralized material), production mining, contractor labor and management and Gold Road site management for the underground mine. Total mining costs are US\$66 per ton.

Estimated processing operating costs are US\$27/ton. Estimated G&A costs are US\$15/ton of mineralized material processed or about US\$2.5 million/year.

### Economic Analysis

The total capital costs for the restart of the Gold Road Mine include US\$5.2 M for the restart, preliminary development and shaft / hoist installation and purchase of the raise climbers completed in Year 1 and 2. All other development and other capital, is considered to be sustaining capital for the remaining LOM. The table below shows the economic assumptions and results.

Table 1-2 Economic Assumptions and Results

Gold Road	Units	LOM Value
Mineralized Material	Tons	1,110,274
Gold - Mined Grade	Gold oz. per ton	0.19
Gold Recovery	%	95%
Payable Gold	oz.	203,569
Gold Price	US\$/oz.	\$1,200
Net Revenue	US\$ 000&#8217;s	\$238,175
Capital Cost	US\$ 000&#8217;s	\$5,744
Sustaining Capital	US\$ 000&#8217;s	\$6,454
Total Capital	US\$ 000&#8217;s	\$12,198
Total Operating Cost	US\$ 000&#8217;s	\$110,362
Total All-in Sustaining Cost (AISC)	US\$/oz. gold	\$632.79
Total All in Cost	US\$/oz. gold	\$659.29
Payback Period	Year	1.5
Cumulative Net Cash flow	US\$ 000&#8217;s	\$103,964
Pre Tax NPV @ 5 %	US\$ 000&#8217;s	\$81,309
Pre Tax IRR	%	238%
Post Tax NPV @ 5 %	US\$ 000&#8217;s	\$56,739
Post Tax IRR	%	175%

The NPV is still robust with changes of 10% and 20% in gold prices and capital and operating costs. The table below shows the sensitivities to these changes.

Table 1-3 Economic Sensitivities

	Percent Change from Base Case	Gold Price US\$	NPV at 5% Discount X \$1,000,000
Gold Price	Base Case	1200	58.2
	-20.00%	960	28.7
	-10.00%	1080	42.7
	10.00%	1320	70.7
	20.00%	1440	84.7
OPEX	Base Case	1200	58.2
	-20.00%	1200	70.0
	-10.00%	1200	63.3
	10.00%	1200	50.1
	20.00%	1200	43.5
CAPEX	Base Case	1200	58.2
	-20.00%	1200	61.3
	-10.00%	1200	59.7
	10.00%	1200	56.6
	20.00%	1200	55.0

#### Qualified Persons

The report was prepared under the direction of Mr. Richard Kehmeier. Mr. Kehmeier is a Qualified Person under NI 43-101 and has reviewed and approved the technical information contained in this news release.

<sup>1</sup>All Canadian Dollar amounts are for reference only and based on an April 29<sup>th</sup>, 2018 exchange rate of CAD\$1.28 per \$USD.

<sup>2</sup>Cautionary statement NI 43-101: The PEA was prepared in accordance with National Instrument 43-101 Standard of Disclosure for Mineral Projects ("NI 43-101"). Note: The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA based will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrate economic viability. Calendar years used are for illustrative purposes. Some figures may not sum exactly due to rounding. Unless otherwise indicated the currency used is United States dollars.

#### 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. The Company has hired RPMGlobal as consulting engineers in order to produce a NI 43-101 Technical Report, which it expects, will establish a current Mineral Resource estimate and anticipates that it will publish a NI 43-101 PEA thereafter. 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 RPMGLOBAL

RPMGlobal is an international mineral resources consulting and engineering company offering a full array of services to the mining and environmental industries including all facets of mining, from exploration to site closure/remediation. RPMGlobal has gained worldwide recognition for its due diligence and independent engineer technical support work for financial institutions and also offers expertise in engineering studies, planning, design, and management of mining industry projects for base and precious metals, coal and energy, and industrial minerals.

#### 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 can be no assurance that such statements will prove to be accurate, as 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. Para's 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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