

Paleo Resources Announces Receipt of Debenture Repurchase Notices and Proposed Shares for Debt Transaction

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CALGARY, April 08, 2021 - [Paleo Resources Inc.](#) ("Paleo" or the "Corporation") (TSX-V: PRE, OTCQB: PRIEF) announced today that the holders of the Corporation's outstanding 2019 debentures in the aggregate principal amount of CDN\$2,682,799 (the "Debentures") have provided notice to require the Corporation to repurchase all amounts outstanding under the Debentures, in accordance with the terms of such Debentures. The Debentures provide the holders with the right, upon at least 30 days written notice prior to the date that is two (2) years following the original issuance date of such Debentures (the "Repurchase Date"), to require the Corporation to repurchase all amounts outstanding under the Debentures on such Repurchase Date, at a repurchase price equal to 115% of the outstanding principal amount of the Debentures, together with payment of the interest on the principal amount accrued and unpaid to the Repurchase Date. For further information regarding the Debentures, please refer to the Corporation's news releases dated May 13, 2019, June 5, 2019 and July 25, 2019.

The total principal amount of the indebtedness due as a result of the repurchase notifications is CDN\$3,085,218.75 (the "Repurchase Indebtedness") of which CDN\$2,341,681.75 is due on June 5, 2021 and CDN\$743,537 is due on July 25, 2021. The Corporation intends to pay in cash all interest due and owing on the Debentures on the respective Repurchase Dates.

Paleo also announced that it intends to settle a total of CDN\$2,675,169.10 of the Repurchase Indebtedness through the issuance of an aggregate of 89,172,303 common shares of the Corporation at a deemed price of CDN\$0.03 per share (the "Debt Settlement"), subject to approval of the TSX Venture Exchange. The common shares issued in connection with the Debt Settlement will be subject to a hold period of four months from the date of closing.

Roger S. Braugh, Jr. ("Braugh"), a director and officer of Paleo, is the holder of CDN\$371,769 of the Repurchase Indebtedness and Chris Pettit & Associates PC, controlled by Christopher J. Pettit, a director of Paleo, as trustee of a Trust (the "Trust"), is the holder of CDN\$371,769 of the Repurchase Indebtedness, which would be settled through the issuance of 12,392,285 Common Shares to each at a deemed price of CDN\$0.03 per share.

The remaining portion of Repurchase Indebtedness not settled pursuant to the proposed Debt Settlement in the aggregate amount of CDN\$410,049.65 is owed to a third party, who has each to extend the due date for payment of the remaining outstanding Repurchase Indebtedness to the original maturity date of the Debenture, being June 5, 2022.

As a result of the Debt Settlement, Braugh will hold a total of 147,370,423 common shares and the Trust will hold a total of 133,855,423 common shares, representing 27.55% and 25.03%, respectively, of the total issued and outstanding common shares of the Corporation.

As noted above, Roger S. Braugh, Jr. is a director and officer of Paleo and Christopher J. Pettit, is a director of Paleo and, accordingly, a portion of the Debt Settlement is a related party transaction for the purposes of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 (the "Related Party Policies"). Paleo has determined that exemptions from the various requirements of the Related Party Policies are available in connection with the Debt Settlement (Formal Valuation - Issuer Not Listed on Specified Markets; Minority Approval - Financial Hardship).

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

[Paleo Resources Inc.](#) is an oil and natural gas exploration company with executive offices in San Antonio, Texas. The Corporation's common shares are listed on the TSX Venture Exchange under the trading symbol "PRE" and on the OTCQB as "PRIEF".

For further information please contact:

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Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this news release contains forward-looking information regarding the assignment of the loan, the Debt Settlement, and the business of Paleo. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects Paleo's current beliefs and is based on information currently available to Paleo and on assumptions Paleo believes are reasonable. These assumptions include, but are not limited to: the underlying value of Paleo's common shares, TSX Venture Exchange approval of the assignment of the loan and the Debt Settlement, Paleo's current and initial understanding and analysis of its projects and the exploration required for such projects; the costs of exploration and drilling on Paleo's projects; Paleo's general and administrative costs remaining constant; and the market acceptance of Paleo's business strategy.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Paleo to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: volatility in market prices for oil and natural gas; constraints on sour gas production; the availability of commodity markets and third party equipment, infrastructure and services; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; geological, technical, drilling and processing availability, upsets or problems; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation, including environmental legislation, affecting Paleo; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Paleo's disclosure documents on the SEDAR website at www.sedar.com. Although Paleo has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Paleo as of the date of this news release and, accordingly, is subject to change after such date. However, Paleo expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

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