

# Paramax Resources Ltd. Announces Further Details of Business Combination with MEGA Graphite Inc.

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[Paramax Resources Ltd.](#) (the "Corporation" or "Paramax") (TSX VENTURE:PXM.H), a corporation listed on the TSX Venture Exchange (the "Exchange" or "TSX-V"), is pleased to announce further details on the proposed transaction (the "Transaction") between the Corporation and [MEGA Graphite Inc.](#) ("MEGA Graphite"), initially announced and described in Paramax's news release dated February 20, 2013.

## Definitive Agreement & Information Circular

On May 8, 2013, Paramax entered into a business combination agreement (the "Business Combination Agreement") with MEGA Graphite and 2369505 Ontario Inc., a recently incorporated wholly-owned subsidiary of Paramax. Pursuant to the Business Combination Agreement, former holders of common shares of MEGA Graphite ("MEGA Graphite Shares") will receive one (1) common share of Paramax ("Paramax Shares"), at a deemed price of \$0.30 per Paramax Share, for approximately each 9.366832 MEGA Graphite Shares held. Following completion of the Transaction, former holders of MEGA Graphite Shares will hold approximately 50% of the issued and outstanding common shares of the Resulting Issuer ("Resulting Issuer Shares") and former holders of Paramax Shares will hold approximately 50% of the issued and outstanding Resulting Issuer Shares. The Business Combination Agreement provides for the payment of \$150,000, in respect of the reimbursement of expenses, payable in certain circumstances.

The Board of Directors of Paramax has unanimously approved the proposed Transaction and concluded that the Transaction is in the best interests of Paramax and the Paramax shareholders. Directors and officers of Paramax have agreed to vote their Paramax Shares in favour of the Transaction and have entered into support agreements with MEGA Graphite.

Full details of the Transaction are included in the joint management information circular dated May 8, 2013 ("Information Circular"). Paramax is pleased to announce that the Information Circular was mailed to holders of Paramax Shares in accordance with applicable securities laws. A copy of the Information Circular and related documents has been filed under Paramax's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The completion of the Transaction is subject to a number of conditions, including but not limited to the approval by the Paramax and MEGA Graphite shareholders and receipt of all regulatory approvals, including the acceptance of the TSX-V. The Business Combination Agreement sets out the definitive terms of the Transaction and has been filed by Paramax under its issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Board of Directors of Paramax recommends that holders of Paramax Shares vote in favour of the Transaction.

Following completion of the Transaction, Salida Capital LP and its related entities will own 10,477,349 Resulting Issuer Shares, representing 40.2% of the Resulting Issuer Shares outstanding.

## Conditional Acceptance

On May 8, 2013 Paramax obtained conditional acceptance from the Exchange to list up to an additional 28,693,595 Paramax Shares pursuant to the Transaction. The listing of the additional Paramax Shares is subject to the Corporation fulfilling certain customary requirements of the Exchange in accordance with the terms of its conditional acceptance letter dated May 8, 2013. Paramax is proceeding to satisfy these requirements.

## Bedford and Burgess Graphite Properties

MEGA Graphite is a mining exploration company with the following principal properties (the "Properties").

The Bedford Property consists of 36 contiguous, staked mining claims containing a total of 36 units and covering approximately 852 ha, located approximately 45 km north of Kingston, Ontario. MEGA Graphite

holds a 100% interest in the mining rights for all claims. The surface rights for 14 claims are held by third parties. All claims are currently in good standing. The Burgess Property consists of 14 contiguous, staked mining claims containing a total of 14 units and covering approximately 336 ha, located approximately 55 km north of Kingston, Ontario. MEGA Graphite holds a 100% interest in the mining rights only for each of the 14 claims while the surface rights are held by third parties.

Following completion of the Transaction, Paramax intends to carry out work programs consisting of geological mapping, trenching, sampling and processing studies on each of the Properties. If results from these studies are positive, Paramax may carry out diamond drilling on the Properties. Further information on the Properties and the anticipated work program is located within the Information Circular.

Full details on the Properties and additional information from the National Instrument 43-101 - Standards of Disclosure for Mineral Projects compliant report on the Properties are contained within the Information Circular, which has been filed under Paramax's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Trading Halt**

Trading in Paramax Shares on the Exchange is halted and will remain so until the documentation required by the Exchange has been reviewed and accepted by the Exchange.

*Completion of the transaction is subject to a number of conditions, including Exchange acceptance and shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the Information Circular, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Corporation should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.*

*All information contained in this press release with respect to the Corporation and MEGA Graphite was supplied by Corporation and MEGA Graphite, respectively, for inclusion herein.*

*ADVISORY: This press release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be 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. This forward-looking information reflects the Corporation's current beliefs and is based on information currently available to the Corporation and on assumptions the Corporation believes are reasonable. These assumptions include, but are not limited to, management's assumptions about the TSX Venture Exchange acceptance for the Transaction and closing of the Transaction announced above. 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 the Corporation 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: general business, economic, competitive, political and social uncertainties; commodity prices; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Corporation; timing and availability of external financing on acceptable terms. Although the Corporation 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. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.*

*The forward-looking statements contained in this press release represent the expectations of the Corporation as of the date of this press release and, accordingly, are subject to change after such date. However, the*

*Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.*

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