

# Paleo Resources Announces Interim Debenture Closing and Increases Debenture Offering Amount

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CALGARY, June 05, 2019 - [Paleo Resources Inc.](#) (&ldquo;Paleo&rdquo; or the &ldquo;Corporation&rdquo;) (TSX-V: PRE, OTCQB: PRIEF) announced today that it has increased the size of its previously announced non-brokered private placement offering of 7.5% subordinated secured convertible debentures to CDN\$4,024,200 (US\$3,000,000 at an assumed exchange rate of CDN\$0.7455 to US\$1.00). In addition, Paleo announced that it has completed the closing of the first tranche of the private placement of debentures for gross proceeds of CDN\$2,036,245 (US\$1,518,000 at an assumed exchange rate of CDN\$0.7455 to US\$1.00), subject to final approval of the TSX Venture Exchange.

The debentures bear interest at a rate of seven and a half percent (7.5%) per annum, payable monthly in arrears on the 15<sup>th</sup> day of the following month, and will mature on the date that is three years from the closing date. The debentures are secured by a subordinated (second-charge) security interest against the Corporation&rsquo;s working interest in the Joffre, Alberta property and convertible at any time at the holder&rsquo;s option into common shares of the Corporation at a conversion price of CDN\$0.12 per common share. The holders of the debentures have the right, upon at least 30 days written notice prior to the date that is two (2) years following the closing date, to require the Corporation to repurchase all amounts outstanding under the debentures on the date that is two (2) years following the closing date, at a repurchase price equal to 115% of the outstanding principal amount of the debenture, together with payment of the interest on the principal amount accrued and unpaid to the repurchase date.

All securities issued in connection with this tranche of the offering are subject to a hold period that expires on October 6, 2019. The net proceeds from the offering will be used for expenditures in developing the Corporation&rsquo;s properties in Joffre, Alberta and Polk County, Texas, and for general working capital purposes.

It is anticipated that Paleo will close a second tranche of the offering on or about June 19, 2019. In connection with the proposed second tranche, Paleo intends to settle a portion of the debt owed to Energy Reserve Capital, LLC (&ldquo;Energy Reserve&rdquo;), subject to approval of the TSX Venture Exchange. Pursuant to the debt settlement, Paleo would issue debentures in the aggregate principal amount of CDN\$646,555 (US\$482,000 at an assumed exchange rate of CDN\$0.7455 to US\$1.00) to shareholders of Paleo Oil Company, LLC, the parent company of Energy Reserve, namely Roger S. Braugh, a director of Paleo and Chris Pettit & Associates PC, controlled by Christopher J. Pettit, a director of Paleo, as trustee of a Trust.

Paleo also announced that the board of directors of Paleo approved a further amendment to the existing loan from Energy Reserve to its wholly-owned US subsidiary, [Paleo Resources Inc. \(USA\), Inc.](#) (&ldquo;Paleo USA&rdquo;), &Irm;to increase the principal amount from US\$1,250,000 to US\$2,100,000, subject to TSX Venture Exchange &Irm;final approval. All other terms of the loan remain unchanged. &Irm;Following the completion of the proposed debt settlement, the principal amount of the loan would be reduced to US\$1,618,000.

Roger S. Braugh and Christopher J. Pettit, directors of Paleo, are a shareholder and trustee of a &Irm;shareholder, respectively, of Paleo Oil Company, LLC, the parent company of Energy Reserve. Paleo &Irm;has determined that exemptions from the various requirements of the TSX Venture Exchange Policy 5.9 &Irm;and Multilateral Instrument 61-101 are available in connection with the amendment to the loan (Formal &Irm;Valuation - Issuer Not Listed on Specified Markets; Minority Approval - Fair Market Value Not More Than &Irm;&Irm;25% of Market Capitalization).&Irm;

*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 and mineral exploration company headquartered in Calgary, Alberta, with executive offices in Houston, Texas.

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#### Forward Looking Statements

This news release contains certain forward-looking information. All statements included herein, other than statements of historical fact, are forward-looking information and such information involves various risks and uncertainties. In particular, this news release contains forward-looking information in respect of: the private placement, including the potential closing of a second tranche of the private placement and the potential use of proceeds of the private placement. There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such 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 current share price of Paleo's common shares; TSX Venture acceptance and market acceptance of the private placement; Paleo's understanding of current federal and provincial income tax legislation; 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; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; geological, technical, drilling and processing 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](http://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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