

Para Resources Announces Definitive Agreements for the Purchase of Operadora, from Mineros in Colombia, Convertible Debt Financing, Share Consolidation and Name Change

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Vancouver, April 16, 2020 - [Para Resources Inc.](#) (TSXV: PBR) (WKN: A14YF1) (OTC: PRSRF) (the "Company" or "Para") announces it has entered into Definitive Agreements ("Agreement") with Mineros, S.A. ("Mineros") to acquire 100% of its wholly owned subsidiary Operadora Mineras S.A.S. ("Operadora") for US\$5.5 million. Operadora owns 100% of the La Ye Gold Operations and associated mineral rights. During its due diligence enquiries Para was able to confirm, based on financial statements audited by Deloitte and Touche, Ltda, that the Operadora mine has been profitable in the last two years. The Management team that has operated the mine since startup will remain and continue to manage the combined Colombian operations.

Para President and CEO, Mr. Javier Cordova states, "I look forward to the fresh start in Colombia, with a strong balance sheet and an accretive acquisition which we expect will turn the Company's operations profitable with a significant holding of underexplored and drill ready land package that is located in one of the most prolific gold areas in the world. The Operadora acquisition adds an operating and profitable mine and mill with proven management and increases the Company's contiguous concession package. In addition, we will immediately be able to take advantage of the Company's strong local community relations and couple it with the experienced exploration team from Operadora. We expect exploration drilling to commence immediately. This transaction puts Para into a solid growth trajectory."

Acquisition Rationale

- Operadora's El Bagre Underground Gold Operations (El Bagre) includes an existing gold production facility with a notable portfolio of mineral exploration and capital equipment assets;
- Operadora's El Bagre and Para's El Limon operations are adjacent, and El Bagre's mineralization trend extends onto the property already controlled by Para;
- Furthermore, the overall concession package creates a contiguous mineral package of over 27,000 Ha by extending Para's Zara concessions to the North and East;
- The El Bagre mill is in excellent condition and has been operating at less than full capacity;
- The El Bagre operation has an experienced and knowledgeable team of mining engineers, planners, geologists, operators and others, who know the region and who will complement the existing staff at El Limon;
- Furthermore, El Bagre has two drilling rigs operated by experienced crews who have completed approximately 200,000 meters of DDH drilling on the El Bagre property and who will begin to drill out the El Limon and Zara property with the goal of extending its resource and the Life of Mine; and
- Operadora produced 15,792 ounces of Au and 30,755 ounces of Ag in 2019.

Operadora S.A.S. - Summary of the Assets

Operadora's principal assets are the El Bagre underground gold operation (including on-site processing plant) and the Nechi gold exploration project. Additionally, this acquisition includes numerous other mineral properties, mining assets, mining and environmental permits, exploration equipment, data, inventory, and administrative assets.

A summary of El Bagre as documented in "Technical Report on the El Bagre Underground Gold Operation and the Nechi Gold Project, Department of Antioquia, Colombia" ("NI 43-101 Report"), dated July 31, 2019,

and prepared by Roscoe Postle Associates Inc. ("RPA"), follows.

- El Bagre consists of the La Ye and Los Mangos operating underground gold mines and the Cordero mine development project. The on-site extraction plant processes approximately 350 tonnes per day (tpd) of material and typically produces some 20,000 oz of gold dore; annually;
- In 2018 El Bagre produced 19,817 ounces of Au Eq dore; and in 2019, 16,168 ounces Au Eq. dore;;
- The Nechi; Gold Project includes the El Catorce, Santa Elena, and Santa Maria gold exploration projects;
- As at December 31, 2018, Proven and Probable Mineral Reserves at El Bagre were estimated as 318,500 t at a grade of 5.9 g/t Au totaling 60,800 oz of gold;
- El Bagre hosts an additional estimated 64,000 oz of gold (383,000 t at a grade of 5.2 g/t Au) in Measured and Indicated Mineral Resources (exclusive of Mineral Reserves) and further 107,000 oz (543,000 t at a grade of 6.2 g/t Au) in the Inferred category;
- Resource and reserve estimates are as of December 31, 2018, and do not contain any production or drilling information for 2019;
- La Ye and Los Mangos are well-established shallow underground non-mechanized operations and share the same plant. In 2018, El Bagre produced 148,000 tonnes of mineralized material averaging 4.2 g/t Au;
- Cordero is a satellite deposit to the current operation, and will be a nearby extension of the same type of mining. Inputs and parameters used to estimate Mineral Reserves at Cordero are based on operations at La Ye and Los Mangos, and are of at least a pre-feasibility level of detail. Cordero will replace some production from the existing operations as they begin to wind down; and
- To date, the average Life of Mine mill Recovery was 87%.

The technical report referenced herein (the Technical) will be filed on SEDAR (www.sedar.com) and on the Company's website) within 45 days. As mineral reserves are being disclosed in the technical report, the technical report will be a prefeasibility study per CIM Definition Standards of the Canadian Institute of Mining, Metallurgy and Petroleum.

Transaction Details

- The aggregate consideration payable to Mineros for 100% of the shares of Operadora and all of its assets is US\$5.5 million in cash payable in two installments. The first installment (the "First Closing") for US\$1 million will occur within 30 days. The second installment (the "Second Closing") for US\$4.5 million will occur within 30 days following the permitting of the Cordero mine or written confirmation from the Colombian Ministry of Environment that the permit is not required for the construction and operation of the Cordero mine.
- At the First Closing, 60% of the shares will transfer with the balance at the Second Closing. If after one year since the First Closing Date, the Second Closing precondition has not been fulfilled, the share and asset purchase agreement will terminate, and Para will remain with 60% of Operadora. In case of termination of the Share and Asset Purchase Agreement, Para will not be obligated to pay to Mineros the second installment and Mineros will not be obligated to transfer to Para the additional shares.
- Notwithstanding the above, Para will have a call option to acquire the additional shares pursuant to the terms to be agreed upon in the shareholders' agreement.
- The Royalty Agreement ("Royalty Agreement") with Mineros for a 1% NSR (net smelter return) to apply to all the production of the mines, once 17,000 ounces have been produced from any of the assets involved.

- Additionally, Para has agreed to purchase electrical power from Mineros' hydroelectric plant for Colombian Pesos ("COL\$") COL\$300 per Kwh at 90% availability from April to December and during summer months (January, February and March) for COL\$ 350 per Kwh at 75% availability. In case of the termination of the collaboration agreement between the two parties, the Power Purchase Agreement (the "PPA") will remain in place for a term of five (5) years.

Share Consolidation

The Company proposes to complete a consolidation of its issued and outstanding shares on the basis of 10 old shares for every one new share, and change its name to "Soma Gold Corp." as part of its overall reorganization and restructuring plans. Para's outstanding 303,933,649 common shares will be consolidated into approximately 30,393,365 common shares (subject to adjustments from rounding). All outstanding share purchase warrants, stock options and other convertible securities will be adjusted accordingly.

Convertible Debt Financing

The Company also announces that it will complete a private placement of convertible debentures for gross proceeds of \$3,000,000. US\$1,000,000 of such proceeds will be used to pay the first installment payment to Mineros described above. The remaining proceeds will be for general working capital and to pay various accounts payable.

The debentures will have a three-year term and bear simple interest of 10% per annum. Interest will be payable quarterly in arrears, with the first interest payment commencing December 31, 2020 and then payable March 31, June 30, September 30 and December 31 thereafter. The debentures will be convertible at the option of the holder, following one year from issuance of the debentures, at a per share conversion price equal to the greater of: (i) CDN \$0.15 per share (post-consolidation), and (ii) a 20% discount to the then closing market price (based on a 5-day VWAP before the date of exercise). Further, for each \$1,000 principal amount of debenture, it will have a maturity value of \$1,250 provided that the debenture remains unconverted for at least 24 months from the date of issuance (the "Threshold Date"). If the debenture is converted on or prior to the Threshold Date, only the principal amount shall be due and owing and no bonus shall be accrued or payable.

Finder's fees may be paid, as permitted by the policies of the TSX Venture Exchange ("TSXV") in connection with the convertible debt financing.

Completion of each of the Mineros transaction, the share consolidation and name change and the convertible debt financing, is subject to the Company's filing requirements with the TSXV and applicable TSXV approvals.

Qualified Persons

Paulo J. Andrade, BSc Senior Geologist, VP Exploration for Para Resources is the Qualified Person, who is responsible for the technical information contained in this news release.

ABOUT PARA RESOURCES:

[Para Resources Inc.](#) ("Para") is a junior gold mining and exploration company. The Company owns the El Limon project that includes existing or near-term mining and milling operations as well as highly prospective exploration properties. The Company has acquired fully permitted mines and facilities with adjacent properties that have either been past producers or where there is an abundance of small-scale artisanal miners, dramatically reducing the exploration risk. It is anticipated that the operating mines will be profitable in the short term, providing a return on capital, as stand-alone entities and funding regional exploration to expand resources.

Para is unique in that the Insiders have invested more than US\$30 million of their own capital and own

approximately 70% of the Company's equity.

Para's management team is seasoned and proven, having discovered, built, managed and sold several different mines over the last 40 years.

On behalf of the Board of Directors

"Javier Cordova"

Javier Cordova, Chief Executive Officer, President and Director

For further information, please contact Andrea Laird, telephone: +1-604-259-0302

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